5TH WORLD ISLAMIC ECONOMIC FORUM

CONTENTS

CHAIRMAN OF THE WIEF FOUNDATION

I AM PLEASED TO PRESENT YOU THE REPORT OF THE 5TH WORLD ISLAMIC ECONOMIC FORUM (WIEF) THAT WAS HELD IN JAKARTA, INDONESIA ON 1 - 4 MARCH 2009.

I wish to take this opportunity to express my heartfelt thanks and gratitude to H.E President Susilo Bambang Yudhoyono, H.E Vice President Jusuf Kalla, the Government and people of Indonesia for the hospitality extended to delegates of the 5th WIEF. My special thanks go to the Indonesian National Organising Committee for the cooperation extended to the Permanent Secretariat of the WIEF Foundation and for the hard work and dedication shown by all those involved in ensuring the success of the Forum.

The Jakarta Forum marked yet another important landmark for the WIEF. The global issues discussed were most timely and pertinent for the Muslim World. The advent of the global financial crisis had opened up the prospect of Islamic Banking and Finance providing a credible alternative to the conventional financial framework. Delegates of the Forum also benefitted from the discussion on the issue of food security, which, as most of us would concur, is an important determining factor of the economic wellbeing of the Muslim community. Similarly, the intensive dialogue on energy security, a burning issue on every leader's plate was also useful, as captains of the energy industry focused on crucial questions on the sustainability of energy in the Muslim world. All these clearly demonstrated the Muslim Business World in motion.

I believe that the WIEF is steadily coming of age, transforming itself from being depicted as 'one of those business forums' to becoming not only a sounding board for the Muslim business community on current issues of common interest but a credible platform for the conduct of actual business collaborations in the Muslim world and equally important, between the Muslim and non-Muslim business communities.

I hope that the record of the proceedings of the Forum, as contained in this Report would be a useful source of reference for delegates of the 5th WIEF as well as those desiring to know more about the Forum.

I wish to thank all the delegates of the 5th WIEF and look forward to welcoming you once again to our 6th WIEF in Kuala Lumpur, Malaysia on 18-20 May 2010.

TUN MUSA HITAM
CHAIRMAN
OF THE WIEF FOUNDATION

CO-CHAIRMEN OF THE INDONESIAN NATIONAL ORGANISING COMMITTEE

ASSALAMU'ALAIKUM WARAHMATULLAHI WABARAKATUH

THE 5TH WORLD ISLAMIC ECONOMIC FORUM (WIEF) WAS AN OUTSTANDING SUCCESS BEYOND OUR MOST OPTIMISTIC EXPECTATIONS. THANKS IN MOST PARTS TO A STAGGERING NUMBER IN DELEGATE PARTICIPATION, THE HIGHEST IN THE HISTORY OF WIEF FORUMS HELD OVER 5 CONSECUTIVE YEARS.

In our humble opinion, the combination of the superior quality of speakers, the generous support of our delegates and corporate partners, and the concerted efforts of our National Organising Commitee for the 5th WIEF and the WIEF Foundation's Permanent Secretariat have all contributed to the success of the 5th WIEF held in Jakarta.

We also sincerely applaud the President of the Republic Indonesia, H.E. Susilo Bambang Yudhoyono, not only for hosting the 5th WIEF as patron but also through his excellent leadership as the first Head of State to moderate the keynote addresses of the Heads of State in the Official Opening Ceremony of the forum.

The inclusion of a new Programme and Forum into the WIEF existing programme agenda - the Global CEO Panel and the Post Forum respectively (focusing on the host country's wealth of investment opportunities) were instrumental in achieving a fresh new set of quality topics and speakers as well as an occasion for the host country to showcase its investment prospects.

The Memorandum of Agreements signing ceremony for investment and joint ventures of USD3.1bn, confirmed further the success of "doing business" at WIEF forums and underlined the main founding principle of the inception of the World Islamic Economic Forum.

The business networking and collaborations have not stopped at the cessation of the Forum events but has clearly increased year after year in follow up meetings and bona fide business deals beyond borders, beyond the Muslim corporate community, far reaching into the global marketplace.
In the case of this year's 5th WIEF, the offshoot for Indonesia will be the creation of the Gulf Indonesia Strategic Alliance initiative to further cultivate a closer working relationship between Indonesia and the Middle East.

We sincerely wish that the continuing purpose of WIEF Forums to all delegates will be as fruitful for their own respective enterprises and interests at 5th WIEF and hopefully to the future WIEF Forums.

Last but not least, we humbly thank all the delegates of 5th WIEF for their generosity of spirit and efforts to ensure that the 5th WIEF was the outstanding success it was. We also hope that delegates had a lasting impression of Indonesia's renowned hospitality strengthened by Indonesia's abundance in natural beauty and resources.

Thank You.

Wassalamu'alaikum warahmatullahi wabarakatuh.

H.E. DR. SOFYAN DJALIL AND TANRI ABENG
CO-CHAIRMEN
OF THE INDONESIAN NATIONAL ORGANISING COMMITTEE

5TH WORLD
ISLAMIC
ECONOMIC
FORUM
PRE FORUM

JOINT OPENING SESSION

MR. TANRI ABENG, CO-CHAIRMAN, INDONESIAN NATIONAL ORGANISING COMMITTEE FOR THE 5TH WIEF, OPENED BY STATING THAT MORE THAN 1,000 DELEGATES ATTENDED THE MAIN FORUM, A RECORD NUMBER FOR THE NASCENT FORUM. THE ANNUAL FORUM FOCUSES ON WOMEN AND YOUNG LEADERS AND SEEKS TO RECOGNIZE AND VALIDATE THEIR IMPORTANCE AND VALUE IN THE SOCIAL AND ECONOMIC SPHERES. THE THEME FOR THE WIEF BUSINESSWOMEN FORUM IS "WOMEN ENTREPRENEURS: THE DRIVING FORCE TOWARDS A STRONGER FUTURE" WHILE THE THEME FOR THE WIEF YOUNG LEADERS NETWORK IS "CHARTING OUR COURSE: LEADING ISLAMIC BUSINESS & FINANCE FORWARD". MR. TANRI ABENG EXPECTS THE FORUM TO SOLIDIFY EXISTING BUSINESS RELATIONSHIPS AND FACILITATE THE FORGING OF NEW ONES, PARTICULARLY IN THE ASIAN WORLD.

MR. ERWIN AKSA, CHAIRMAN, HIPMI (INDONESIAN YOUNG ENTREPRENEURS ASSOCIATION), acknowledged the importance of women and young leaders to spur the Muslim world to greater heights. He stated that the future will be brighter and better with young and diverse leadership. Leadership, he noted, can be nurtured from within the Muslim community and do not have to be sourced from the outside world. It is high time for the voices of young leaders and female entrepreneurs to be heard.

Mr. Erwin also mentioned the 1998 economic crisis and pointed out that Indonesia has become economically stronger following the restructuring that took place in the aftermath of the crisis.

DATO' SRI NAZIR RAZAK, CHAIRMAN, WIEF YOUNG LEADERS NETWORK (WYN), noted that this year's attendance for the WIEF Young Leaders Forum is the highest to date. He updated the delegation on the WIEF Young Leaders Network's activities since the last Forum.

The WYN Groom a Leader Scholarship Programme received its first recipient, a young banker from South Africa who is now pursuing an MBA at the University of Cambridge. Another two scholarships are being offered under the Scholarship Programme.

With regard to the Internship programmes, details are still being finalized with a few universities including Gadjah Mada University and Bogor Agricultural University. The aim of this programme is to provide a global perspective and real world experience to young Muslims by means of internship placements in different corporations across the Muslim world. 79 applicants have so far applied for internship places. Dato' Sri Nazir touched on the global economic crisis, stating that while a lot of discussions have taken place on the causes of the meltdown, there has been a shortage of solutions being offered. He also pointed out that the decoupling of national economies was a big myth, given today's highly inter-related business and trading environment.

However, Dato' Sri said that the Muslim community is now in a position of strength due to the Islamic financial system and the economic muscle of the Middle East. In Islamic finance, the principles of profit-sharing mitigate excesses encouraged by modern, conventional finance. Islamic finance also promotes fairness due to its inherent moral safeguards. Dato' Sri was confident that in Islamic finance, the world will find an architecture for a more stable, global economic system. Hence, the economic crisis can be a good opportunity for the Muslim world to advance Muslim economic leadership and to showcase the strengths of the Islamic financial system.

(Left)
Mr. Erwin Aksa, Chairman of HIPMI Indonesia.

(Below)
Dato' Sri Nazir Razak, Chairman of the WIEF Young Leaders Network (WYN).

MS. RINA FAHMI IDRIS, CHAIRMAN, IWAPI (INDONESIAN BUSINESSWOMEN ASSOCIATION), remarked on the growing importance of the role of women in the context of the world economy. This is in line with Muslim teachings which always recognise the need to protect women. According to Ms. Rina Fahmi, "protection" in modern terms should be translated to ensuring that there are opportunities for women to excel in fields like business and finance as the empowerment of women in business will lead to the betterment of the economy as a whole. The empowerment of women will result in a better quality of family life and a more stable economy.

DATO' DR. NORRAESAH MOHAMAD, CHAIRMAN, WIEF BUSINESSWOMEN NETWORK (WBN), said that the Forum this year is held against a gloomy economic background. With the ongoing economic crisis, women are most at risk from economic fallouts; they are the ones most likely to be retrenched or fired when their employers downsize.

Dato' Dr. Norraesah recalled that at the recent (male-dominated) World Economic Forum in Davos, there was speculation that if Wall Street was not too male-dominated, the world would not be in the current mess it is in. Men are likely to be Alpha when it comes to risk, in contrast

(Top left)
Dato' Dr. Norraesah Mohamad, Chairman, WIEF Businesswomen Network and Ms. Rina Fahmi Idris, Chairman, IWAPI.

(Top)
Dato' Dr. Norraesah Mohamad, speaking at the Joint Opening Ceremony.

(Below)
Tun Musa Hitam, H.E. Jusuf Kalla, and Mr. Tanri Abeng on stage during the Joint Opening Ceremony of the WIEF Young Leaders Forum and WIEF Businesswomen Forum.

to women who are more cautious. Thus, all sectors of finance and economics should have a balance of male and female approaches. With the realisation that the presence of women can be beneficial, the current economic crisis can be an opportunity for women to be more involved in finance and economics. Dato' Dr. Norraesah informed the delegates of the activities of the WIEF Businesswomen Network (WBN). In 2006, WBN launched an entrepreneurship training programme for women that is actively supported by Bangladesh, Pakistan and Malaysia. WBN's next initiative is to set up a midwife service for the Muslim world. Indonesia is currently active in midwife training, where entrepreneurship is strongly encouraged in the provision of pre-natal, post-natal and daycare services. The service is very useful in countries where there is a large rural population and given its experience, Dato' Dr. Norraesah hopes that Indonesia will take the lead in this programme. Other countries that have expressed interest are Kenya, Malaysia and Bangladesh.

Dato' Dr. Norraesah stated that women now realise the virtues of self-sufficiency and entrepreneurship in enabling empowerment. This year, the WIEF-UITM International Centre will begin its in-campus business training initiative with 30 female entrepreneurs, teaching them strategies of marketing and financial management.

Dato' Dr. Norraesah concluded her speech by noting the wider set of delegates at this year's Forum, with Presidents of Women's Associations from countries like Kenya, Uganda and the United States. This would increase opportunities for networking and information-sharing, she said.

THE ISLAMIC SPIRIT SHOULD IMBUE ALL MUSLIMS WITH THE SPIRIT OF ENTREPRENEURSHIP WHICH IN TURN SHOULD IMPROVE THE LIVES OF ALL IN THE MUSLIM WORLD, AND THE BIGGER WORLD COMMUNITY.

TUN MUSA HITAM, CHAIRMAN, WIEF FOUNDATION, began by remarking that women and young leaders have always been an important component at each WIEF Forum. He expects the global economic crisis to be a dominant thread in all discussions and dialogues at this year's Forum. He noted that the economic crisis has an undercurrent of betrayal, as the "elders", the ones with years of experience and the ones the world had expected to lead by example, are the ones who have caused the systemic collapse of the current financial system. Given this scenario, he believes that restructuring and repair of the system can only come from the young leaders in business and finance, as well as women entrepreneurs.

In the Opening Keynote Address, **THE VICE PRESIDENT OF INDONESIA, HIS EXCELLENCY JUSUF KALLA,** reminded the delegates that the spirit of Islam is to heighten the economic viability of the Muslim community specifically and the world community in general. By "spirit of Islam", His Excellency stressed on entrepreneurship, noting that trade was one of the main channels of growth for the religion. His Excellency also highlighted the business background of the Prophet Muhammad (peace be upon him), who obtained strong support from his wife, one of the most prominent businesswomen in Islamic history. Hence, in Islam, women have played an important role in business and through their trade, had supported the growth of the religion.

Even for the Asian region, Islam came via the trading routes and it was only much later that the clerics ('ulama') came to the region.

His Excellency pointed out that entrepreneurship is not a skill that can be learnt in school as there is a need for practical experience to be combined with formal education. In Islam, what is not forbidden can be undertaken and His Excellency remarked that Muslims are able to trade or conduct business with no time restrictions, except for the two hours a week that is devoted to Friday prayers.

Hence, the Islamic spirit should imbue all Muslims with the spirit of entrepreneurship which in turn should improve the lives of all in the Muslim world, and the bigger world community.

His Excellency remarked that the current economic crisis is due to the leverage being applied to "paper" transactions whereas Islamic finance is based on "real" transactions with real products and services being exchanged. This is the philosophy that should be made the basis of global business, finance and economics.

PLENARY SESSION 1
THE LEADERSHIP IMPERATIVE: TOWARDS A GOOD SUCCESSION PLAN

ACKNOWLEDGING THE BREADTH OF THE TOPIC IN HIS OPENING COMMENTS, DATO' SRI NAZIR RAZAK, CHAIRMAN, WIEF YOUNG LEADERS NETWORK, SUGGESTED THAT APART FROM THE GIVEN FRAMING QUESTIONS, THE PANEL SHOULD ALSO CONSIDER HOW THE MUSLIM WORLD COULD ASSERT A BIGGER ROLE FOR YOUNG MUSLIM LEADERS BASED ON MERIT BOTH ON THE WORLD STAGE AND WITHIN COUNTRIES, ESPECIALLY NON-MUSLIM COUNTRIES.

Dato' Sri Nazir also urged discussion of how to overcome cultural or religiously-experienced traits that could constrain the development of young leaders in the Muslim world.

IMAM FEISAL ABDUL RAUF, CHAIRMAN, CORDOBA INITIATIVE, suggested that initiatives be driven not by youth and gender, per se but by the ethical principles of what it means to be Muslim. Islam, after all, is concerned with ethics. It seeks to eliminate greed, selfishness, jealousy and envy, in favour of brotherhood through its premises of economic, social, and political justice ('aadad'). These are the ethical principles that define the Muslim faith and bond Muslims to other faith traditions.

Stressing the importance of identifying the different kinds of leadership – political, economic, intellectual, etc. – Imam Feisal underscored the need to bring together people to strategise and build a roadmap through working sessions, not just conferences. He gave as examples Tun Mahathir Mohamed's Vision 2020 in Malaysia and the United Arab Emirates' vision of the society it is striving to build.

As a Muslim in the United States, he noted there have been challenges. In spite of this, Muslims now number between 7 – 15 million (there is no official census on this) and Islam is the fastest growing religion in the United States today. Bad press has served to arouse interest in Islam and presented him with opportunities to speak about and explain Islam. Pockets of sympathy also exist among those who want to learn about, and help develop, the religion and Muslim welfare. This is because the United States is such a diverse country, affording greater openness to admit people of different backgrounds into its society.

Of course there are problems. but these will gradually be erased as an American Islamic identity is developed. The way to develop these institutional settings to create a uniquely American Islamic identity is currently being explored and there will be a handsome return on this expense of time and energy.

The prognosis for the future of Islam in the US, Imam Feisal concluded, is bright despite challenges.

MR. TANRI ABENG, CHAIRMAN, EXECUTIVE CENTRE FOR GLOBAL LEADERSHIP, INDONESIA, noted that his country is a world of its own. With 230 million people now living in about 17,000 islands depending on the tide, hundreds of ethnic groups practicing Islam, Christianity, Buddhism, Hinduism and others, and 742 languages with Bahasa Indonesia as the national language, Indonesia is a very strong nation despite its challenges. In light of this diversity, there is the national philosophy of pancasila guided by a belief in God. Indonesians, he stated, are proud of the unity in diversity that is part of their culture.

The greatest challenge Indonesia has been facing is of leadership succession. It has been independent for the last 63 years and has had six presidents, all of whom were brought up in the Muslim family and community environment. The first president, Sukarno, had a vice-president of five years. There was no planning to develop a successor for him. Suharto took over the helm of power when Sukarno was unseated because of an economic crisis. Suharto remained in power for the next 32 years or about six terms. Throughout this time, he had six vice-presidents, not one of whom stayed for more than one term. B.J. Habibie was the first vice-president who took over from Suharto after two months as a vice-president. Was this by design or by accident? Many people concluded the latter. As there was no succession planning, Habibie was only in office for a year-and-a-half. Gus Dur followed, then Megawati Sukarnoputri. After the country's reform, Susilo Bambang Yudhoyono came into power. He has been in office for four years and will, hopefully, stay until the end of his office for five years.

It is vital to develop succession planning in politics and business. There must be "right institutions" with "right leaders" and a "right succession plan" to develop these right leaders. Mr. Tanri's personal experience has shown that right leaders can only be developed from within the organisation. He returned to the example of Indonesia, pointing out that after 32 years of stability under Suharto, the country experienced three government successions in ten years. Reasoning that this was not conducive

The variety of delegates attending the WIEF Young Leaders Forum on 1 March 2009 during the first plenary session on "The Leadership Imperative: Towards a Good Succession Plan".

Panelists of the first plenary session on "The Leadership Imperative: Towards a Good Succession Plan" having a light moment on stage.
(From L to R) Dato' Sri Nazir Razak, Chairman of WIEF Young Leaders Network, Mr. Tanri Abeng, Chairman of the Executive Centre for Global Leadership Indonesia, and Imam Feisal Abdul Rauf, Chairman of the Cordoba Initiative.

to effective leadership development, he pointed to the nature of the country's political system, as such. In Indonesia, there is no strong political party that can develop leadership guidelines such as in Singapore and Malaysia. There was an opportunity under Golkar but this was not taken. Further, in the past, there had been a leadership breach with leaders not wanting to give up power. After Suharto's and Habibie's administration, there has never been a political party in Indonesia with a Parliamentary majority.

Even in the corporate sector, Indonesia is dominated by state-owned enterprises which control 70 – 80 percent of the economy. They were the only ones capable of helping the country through the 1998 economic crisis. But they are so influenced by political intervention and bureaucratic processes they are unable to develop leadership succession based on purely professional criteria. Political intervention can result in changes at any time.

Whether in business or politics, Mr. Tanri underlined, it is very important to have an institutional system developed for leadership succession. Further, as the life of an organisation depends on its leader, it is crucial to have a leader with vision. This is the only way a government or a corporation can ensure survival and growth.

Dato' Sri Nazir Razak added that succession planning should have checks and balances in the form of key performance indicators in both political and business institutions.

MR. MOHAMMED AMIN, VICE-CHAIRMAN, CONSERVATIVE MUSLIM FORUM, UNITED KINGDOM, observed that Muslims are very aware of death at any time. The need for succession planning is therefore obvious. Why does it happen so little? First, he offered, a leader is always afraid that if a good successor is developed, he will take over. This is especially true in politics but it also happens in business. There is a need for a strong institutional framework in politics such as the US Constitution to overcome this. In business, it should be the CEO's responsibility to develop a strong successor. Reliable frameworks are needed to back this up as this will encourage the CEO to exercise that responsibility. Second, it is feared that if a strong successor is developed, s/he may leave. It is important for a leader-in-waiting to indulge in other responsibilities – such as handing him or her other businesses to run – in order to provide him or her with as much experience as possible. Third, with particular regard to Muslim businesses which are often family businesses, every father still sees his child as a child regardless of the latter's age or education. For the father, the son or daughter is still a six-year old and it is extremely difficult for him to believe s/he is ready to take over. It is important to give as much experience and development to him or her.

5TH WORLD ISLAMIC ECONOMIC FORUM

(From L to R) Mr. Tarek Fatah, Founder, Muslim Canadian Congress and Mr. Mohammed Amin, Vice-Chairman, Conservative Muslim Forum UK, panelists of the first plenary session of the WIEF Young Leaders Forum.

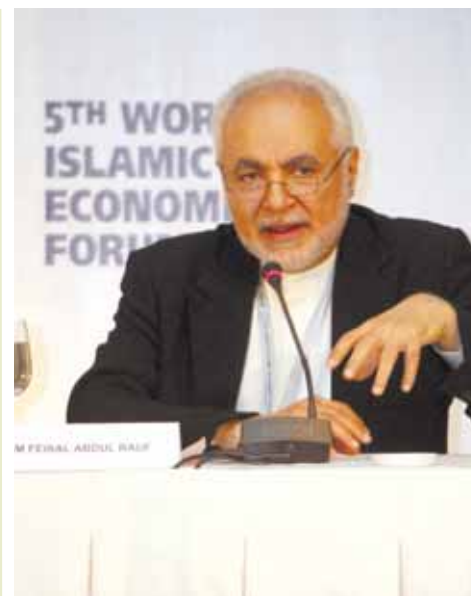
HE SUGGESTED THAT THE WIEF ALLOW YOUNG PROFESSIONALS THE EXPERIENCE TO RUN THINGS. IF A 20 YEAR OLD WAS CHAIRING THIS SESSION, HE URGED, THINK OF THE EXPERIENCE THAT S/HE COULD GAIN. HE COMMENDED THE NETWORKING VALUE WITH OLDER, MORE EXPERIENCED BUSINESSMEN/WOMEN PRESENT AT THE WIEF WHICH, IN TURN ALLOWS FOR AN EXCHANGE OF BEST PRACTICES.

THE NATURE OF TEACHING IN MANY PARTS OF THE MUSLIM WORLD IS VERY MUCH OF IMPOSITION. THE SHIFT SHOULD BE ON TEACHING STUDENTS HOW TO THINK RATHER THAN WHAT TO THINK.

MR. TAREK FATAH, FOUNDER, MUSLIM CANADIAN CONGRESS, advanced that the problem of succession is inherently interwoven with extremism. The history of this is shown in the ongoing succession problems after Prophet Muhammad's (peace be upon him) passing that carry on to this day. For all the glory that Muslims invoke of their heritage, he urged humility to admit that to this day, no succession plan has been arrived at to resolve the leadership uncertainty manifested in the Sunni-Shia split.

Is Muslim leadership constrained by cultural traits of the Muslim world? Stating that he had lived in Pakistan, Saudi Arabia and Canada, and been involved in politics in Pakistan and Canada, Mr. Fatah spoke of his conviction of cultural traits being one of the contributing factors that curtail Muslim leadership. They have had more serious consequences today than before because politics, agriculture, and business are so globalised. He identified four cultural traits common to the Muslim world.

First, race and identity. Race, clan and tribalism have hampered the Muslim world's progress and hindered the development of leadership from among the best and the brightest. The problem is made worse by the refusal to acknowledge that racism is rampant in the Muslim world and that black African brothers and sisters are at the bottom of the hierarchy in the Muslim world. The West is equally guilty but at least it is taking steps to remedy this. By contrast, the Muslim world has taken the approach of a poker face denial of even the existence of a problem. Canada, he offered as an example, is white and Christian yet he lives as a free man and is able to avail himself of discrimination remedies. On the other hand, racism against darker-skinned Muslims across the Muslim world is ubiquitous and accepted as a fait accompli, as seen in Darfur. Because of this, the Muslim world is losing out among its best and brightest and sometimes, handing out leadership among those less accomplished. He provoked, if Obama's father had chosen to settle in a Muslim-majority country, did the audience think Obama would have been able to be President in any of these countries?

Second, class and inherent social standards. The economic gap in the Muslim world is made worse by the acceptance of these horrible indignities and a view of good fortune among the rich as a sense of entitlement. Whereas the rest of the world seeks dignity for its poorer citizens, the rest of the Muslim world chooses to pontificate about its past glories. As a result, the potential of the poor is left untapped.

Imam Feisal Abdul Rauf, Chairman of the Cordoba Initiative, emphasizing his point to the crowd at the first plenary session.

Third, gender. Mr. Fatah pointed out that the treatment of women as second-class citizens in many Muslim countries is the greatest challenge facing the Muslim world. Prophet Muhammad worked for and reported to a woman. Yet, he challenged, how many in the audience and indeed, among Imams around the world can say the same? Women who can contribute to the well-being and success of the Muslim world are restricted from doing so because of gender bias. While the status of women is improving in general, their advancement is still being resisted in the Muslim world.

Mr. Fatah identified subservience to authority as the final cultural trait that if unsurpassed could render Muslims as mere followers rather than leaders. Interjecting, Dato' Sri Nazir observed that three of the four panelists who live in the West did not feel there were glass ceilings hampering their development to the optimum. On the contrary, it seemed that Muslim countries themselves were in dire straits by constraining the development of its young leaders.

Mr. Fatah added that in Canada, "Muhammad" as a Muslim name does not count for political election purposes and the country is heaven on earth for Muslims. This is magnified when considering that Muhammad Ali is its number one sports figure and Fareed Zakaria is its most respected newscaster.

In discussion, Mr. Fatah clarified that his remarks were not directed at Islam but Muslims. Darfur, he said, shows that the issue of race is still alive. Yet, there continues to be denial. He also offered as an example of Turkey's occupation of Cyprus for more than 60 years as a contrast to the impassioned protestations among Muslims of Israel's occupation of Gaza. Muslim occupation, he prodded, is not realised or acknowledged. Mr. Fatah's assertion about Turkey was challenged when it was offered that Turkish Muslims had been living in Cyprus for hundreds of years.

In response to the suggestion of executive education providing an avenue for future leaders to participate in the wider spectrum of the Islamic economic panel, Dato' Sri Nazir explained that the WIEF Young Leaders Network focuses on scholarship and internship programmes thus far. There was talk of mentorship across borders last year and this prospect is still being considered.

Imam Feisal shared that the New York Times had published a nearly full-page article about Islamic banking, with many people suggesting that had it been more widely instituted, the sub-prime crisis may not have happened. He wished that Muslim bankers and finance institutions had spoken up on the matter and suggested that perhaps the WIEF could help arrange a session with leaders in Washington on this.

Discussion also revolved around the evolution of the intellectual tradition in the Muslim world. Dato' Sri Nazir opined that the nature of teaching in many parts of the Muslim world is very much of imposition. The shift should be on teaching students how to think rather than what to think. Mr. Fatah added that intellectuals do not get recognition by lists. Instead, they offer uncomfortable ideas. He argued that Muslims, as a community, cannot see the truth even when it is staring them in the face and there is a need to be free of fear before Muslims can move on to the next step. Imam Feisal agreed that there is a need for a systemic or institutional change in the Muslim world. Malaysia, for example, is successful because of its systemic institutions in the form of great political stability and a structure designed to prevent racial disharmony. There is a need for checks and balances on the nature of power. There must also be increased participation of people in politics and economics with a focus on economic and social justice as well as the prevention of human greed.

PLENARY SESSION 2
EMPLOYMENT IN THE 21ST CENTURY: UNDERSTANDING THE GLOBAL WORKPLACE

AS THE MODERATOR, MR. ADITYA CHANDRA WARDHANA, DIRECTOR, INDOPACIFIC EDELMAN, EXPLAINED IN HIS OPENING REMARKS THAT THIS SESSION WOULD TRY TO SEEK KNOWLEDGE AND INSIGHT, AS WELL AS OFFER A CONCRETE ROADMAP ON HOW TO BUILD A MORE ACCESSIBLE MARKETPLACE TO YOUNG LEADERS IN THE MUSLIM WORLD.

Mr. Essa Al Ghurair, Vice Chairman, Al Ghurair Investments UAE, explaining his talking points attentively to the crowd.

MR. SHAKIR MOIN, DIRECTOR, SPARKLING BRAND PORTFOLIO, COCA-COLA PACIFIC GROUP, THE COCA-COLA COMPANY, put forward three fundamental concepts in understanding the global workplace. First, the question of why it is important at all. To win in the marketplace, a company must win in the workplace. The culture of a company is driven by its leadership and employees. It is never about the business, but about the people as they are the ones who drive the right strategy, create institutions and do the work. The idea of a workforce thus becomes fundamentally important to an organisation. Employers and employees, Mr. Moin urged, need to think today for tomorrow. The last 10 – 15 years have been about information technology. The future, however, will be an opportunity-agnostic ideas economy where employees will be judged on merit rather than on ethnicity or religion and employers will have the world to choose from, not just from among a peer group or country.

Second, what should a global workplace mean for employers and employees? Employees must have a strong ability to build their core competencies while employers must identify aspiration and recruit people with passion and a desire to advance.

Third, what should employers do? Capability-building, Mr. Moin offered, is an employer's number one priority. A strong and integrated plan needs to start from recruitment of the best talent. This must be supported by effective training and development to sustain retention. An employer must get the best team with the best attitude, rather than aptitude. Aptitude can be built but values can never be compromised. Winning organisations, he concluded, do not only ride through storms, but use the opportunity presented to them to fundamentally change. Drawing on Mr. Moin's presentation, the moderator summarized that companies need to adjust and readjust with the best talent.

MR. ENGUR RUTKAY, SECRETARY-GENERAL, YOUNG BUSINESSMEN ASSOCIATION, TURKEY (TUGIAD), noted that workplaces are not what they used to be or where they used to be. A globalised world means that the big picture in the next 10 – 20 years in terms of the workplace will foresee diversity, new technologies, green collars (after white and blue ones), mass workforce mobilisation, war, a reassessment of Western capitalism following the American credit crunch, and mergers and acquisitions, among others.

He suggested three significant foci. First, a relook at the world map. If a straight line is drawn from the North to the South poles, going across Turkey, it will be noticed that the Western hemisphere is getting older. 70 percent of the young population is on the Eastern part. Labour costs are higher in the West than in the East and 70 percent of natural resources lie in the East. Traditionally, the West has been affiliated with the service sector while the East has focused on manufacturing. This, however, is changing. Also, with 70 percent of foreign direct investment going to the East, the general trend of business is also moving eastwards. The future, therefore, will rise in the East.

IF A STRAIGHT LINE IS DRAWN FROM THE NORTH TO THE SOUTH POLES, GOING ACROSS TURKEY, IT WILL BE NOTICED THAT THE WESTERN HEMISPHERE IS GETTING OLDER. 70 PERCENT OF THE YOUNG POPULATION IS ON THE EASTERN PART. LABOUR COSTS ARE HIGHER IN THE WEST THAN IN THE EAST AND 70 PERCENT OF NATURAL RESOURCES LIE IN THE EAST.

Fellow panelists of the second plenary session on "Employment in the 21st Century: Understanding the Global Workplace". (From L to R) Mr. Essa Al Ghurair, and Mr. Aditya Chandra Wardhana, Director, Indopacific Edelman.

Second, there will be a change of workforce with an increase in skill levels due to technology. While the workforce is more global, companies at the same time, are also increasingly decentralized. In effect, the workforce is getting more localized. Individual achievements are also being replaced by team focus although Mr. Rutkay expressed a personal skepticism of this. The workforce of the future will be increasingly female, younger and diverse with an increase in "green collar" workers or technologists rather than engineers.

Third, training and education or continuous learning, more generally will play an increasingly important role in the new workforce. The concepts of working hard and the obsession with seniority will be relegated to an "old school" practice, as teamwork becomes the order of the day.

Mr. Rutkay pointed out that even if 90 percent of the people in India, China, and Russia are discounted as uneducated, there will still be

Mr. Shakir Moin, Director, Sparkling Brand Portfolio, Coca-Cola Pacific Group at the second plenary session of the WIEF Young Leaders Forum.

ASIA, SOUTHEAST ASIA, AND THE MUSLIM WORLD WILL HAVE TO COOPERATE FOR BETTER LIFETIME STRATEGIES TO SUCCEED IN A GLOBAL WORKPLACE. FLEXIBILITY, OPENNESS TO NEW IDEAS, COMMITMENT TO QUALITY WORK, AND INNOVATIVE SKILLS WILL BE NEEDED. NON-GOVERNMENTAL ORGANISATIONS AND NON-PROFIT ORGANISATIONS WILL HAVE A SIGNIFICANT ROLE IN CREATING CONSCIOUSNESS OF THIS GLOBAL WORKFORCE AND WORKPLACE.

nearly 300 million who are educated. This amounts to a bigger number than the entire US workforce. India's population will grow exponentially and 30 percent of new jobs will be created in India between 2009 and 2020. That number will be 40 percent in China. These countries have already doubled the size of the global workforce and changed the demographics of it.

Touching on the challenges of the future workforce, one in five countries in the world will face food shortages because of global warming. Each person in the audience, Mr. Rutkay said, was feeding six jobless people in the world. That means that every lost job will affect six other people. In Turkey, 11 million out of a 75 million population have become jobless due to the US credit crunch.

Increasing salaries will push Chinese and Indians back to jobs in their own homelands. At the same time, 90 percent of growth in world population by 2050 will occur in developing countries. The East will once again go westward to seek jobs. Thus, the workforce will move eastwards in the future and will change direction again in the long-term. Therefore, things will continue to change from time to time and the nature of the workforce will remain fluid. In this regard, diversity management will be popular and leaders trained in this should allocate diverse people properly.

Global impacts, Mr. Rutkay recommended, should spur regional unity and not only in realizing free trade agreements. Asia, Southeast Asia, and the Muslim world will have to cooperate for better lifetime strategies to succeed in a global workplace. Flexibility, openness to new ideas, commitment to quality work, and innovative skills will be needed. Non-governmental organisations and non-profit organisations will have a significant role in creating consciousness of this global workforce and workplace.

MR. ESSA AL-GHURAIR, VICE-PRESIDENT, AL-GHURAIR INVESTMENTS, UAE, remarked that a difficult and challenging time should act as a stimulant. He likened the current economic situation to a global tsunami and was reminded of two stories dating back more than 1,400 years ago. The story of Musa (Moses) a.s., he said, provides the lesson of strength and honesty while that of Yusuf (Joseph) a.s. provides that of retention and knowledge, all tried and tested attributes of a good and solid employee.

With 200 million people in the business world working outside their countries, an employee must be able to stand out by never stopping to learn. The first verse in the Holy Quran, after all, is the commandment to read (Iqra). With this, many things happen, foremost of which is learning and continuous learning. As human beings use only a small portion of their brain, there remains a lot of empty space for learning.

Mr. Engur Rutkay, Secretary General, Young Businessmen Association Turkey (TUGIAD) explaining a point to the audience, while Mr. Aditya Chandra Wardhana looks on. On the extreme left is Mr. Essa Al Ghurair of the UAE.

Delegates from MUSIAD (Turkey) asking questions from the floor.

He also spoke of the importance of emotional intelligence and the ability to adopt change; to adapt to different people, climates, and situations. Similarly, the ability to innovate and improve continuously in the Japanese mold of kaizen will be crucial as will the principle of honesty in the workplace of the future. He pointed to the example of Lehman Brothers which despite its 153 years in business crumbled because of the lack of honesty and shattered trust.

If the global economy is to be driven by the East, the moderator added that the problem of learning should be overcome. If a bulk of the workforce is in Asia and the Muslim world, and a culture of learning is not cultivated, the workforce will not be able to cope with global demands.

Responding to a question about unemployment, Mr. Moin counselled reflection and change. He advised getting out of one's comfort zone and taking on entrepreneurship. There is a shared sense of accountability and pain among organisations though the ultimate price of greed is often paid by those who have been led rather than those who lead. The moderator added that the public expects a higher degree of collaboration between business and government, or business and NGOs where once there used to be competition between the latter two. Mr. Rutkay explained that organisations cannot solve employment. Instead, NGOs should collaborate to advance proposals to government to alleviate the situation.

It was pointed out by a member of the audience that apart from the government, it is also the responsibility of multi-national corporations to solve the unemployment problem because they have reaped the benefits of their investment. Part of their corporate social responsibility could be to provide jobs and scholarships to locals. Mr. Moin added that from a company perspective, each and every one bore the responsibility to resolve the problem as there are benefits to yield. In Malaysia, 2000 locals employed can provide a significant multiplier effect in a population of 26 million. He stated that the WIEF is a good forum to identify good talents to groom for leadership.

On education, Mr. Essa Al-Ghurair volunteered that private universities are allowed to be established in the Gulf region, including Saudi Arabia. There is an effort not to segregate boys and girls and women-only universities are being looked into. The moderator pointed out that a learning culture does not just happen but needs to be cultivated. Government cannot work alone and requires the help of business and NGOs in this regard.

PLENARY SESSION 3
BANKING ON INTEGRITY: THE PROSPECTS OF ISLAMIC FINANCE IN A PLURAL SOCIETY

Fellow panelists of the third plenary session of the WIEF Young Leaders Forum.
(From L to R) Mr. Badlisyah Abdul Ghani, CEO of CIMB Islamic Bank Berhad, Mr. Gita Wirjawan, Co-Chairman of Ancora Capital, Mr. Rafe Haneef, Managing Director of Fajr Capital and Mr. Yuslam Fauzi, President Director, Bank Shariah Mandiri.

MR. RAFE HANEEF, MANAGING DIRECTOR, FAJR CAPITAL MODERATED THIS SESSION AND BEGAN BY NOTING THE TOTAL COLLAPSE OF THE FINANCIAL INDUSTRY LEADING TO THE PRESENT CREDIT CRUNCH. WORLD LEADERS ARE LOOKING FOR NEW SOLUTIONS, A NEW FRAMEWORK, AND A NEW WORLD ORDER. ISLAMIC FINANCE IS A SOLUTION THAT CAN BE EXPLORED AND NOT JUST FOR MUSLIMS BECAUSE IT ADVANCES FAIRNESS, EQUITY, AND JUSTICE, AND BRINGS ETHICS INTO THE EQUATION.

The root of the crisis lies in the education received. The study of finance and economics has always been conducted in an abstract form with a divorce from ethical issues. The question to be explored in this session then was how Islamic finance can bring back morality and ethics in the world of business, finance, and industry.

Critics of Islamic finance relegate contemporary Islamic finance products to facing the same risks and rewards of conventional banking products. Would they not, therefore, suffer the same fate?

MR. ADIWARMAN AZWAR KARIM, PRESIDENT DIRECTOR, KARIM BUSINESS CONSULTING, distinguished Islamic finance from conventional finance in two ways. First, in Islamic finance, the validity of the transaction relies on real transactions, not speculation. The resultant risk is smaller. Second, the nature of the transaction must be permissible in Islamic finance.

Elaborating, the moderator explained that because Islamic finance has to be based on real transactions, it will always be linked to the real economy. However, as Islamic finance has progressed, the use of hybrid Islamic finance methods such as commodity transaction to create credit not linked to real transactions has also developed. Many Islamic finance products in the Middle East are based on this. Dubai is also suffering from a credit crunch because some of its Islamic finance products have been used in speculative dealings.

MR. BADLISYAH ABDUL GHANI, EXECUTIVE DIRECTOR & CEO, CIMB ISLAMIC BANK BERHAD, focused on the question of whether Islamic banks will fare better than conventional banks in a downturn in a dual banking system. Essentially, Islamic finance exists in the same market space as the conventional finance industry. Ultimately, the same market variables apply. On the surface, Islamic finance will be equally affected by the market forces that affect the conventional market but whether it can withstand it better requires an understanding of the workings of Islamic finance.

5TH WORLD ISLAMIC ECONOMIC FORUM

Mr. Yuslam Fauzi espousing his views on Islamic finance while looked upon by fellow panelists of his session.

A lot of people think it is very different from conventional transactions. In a dual banking system, Islamic finance has the same components as the conventional banking sector. Both have, for example, the equity and debt market, as well as an insurance sector. These activities mirror each other. The only difference between the two systems is the way they are undertaken.

There are five things to avoid in Islamic finance that differentiate it from conventional finance. First, riba must be avoided. A trade relationship must be entered into with the customer so that where a housing loan is entered into in a conventional banking system, in Islamic finance the bank buys the house for its customer, who then buys it from them. It is the same activity as a housing loan but no usury is involved. Second area to avoid is gambling. Speculation is not prohibited in Islam but it must be done responsibly according to the principles of shariah. Third, uncertainty must be avoided in contractual documents. Fourth, transactions or trade must be made in permissible (halal) goods and services. This is an exhaustive list. Fifth, transaction must be done in something of value.

The immediate impact on Islamic finance will be the same as on conventional finance in an economic downturn. Islamic finance will be more resilient only in that it is governed by shariah principles requiring transparency in undertaking business. If this is not translated into a regulatory framework (for both Islamic and conventional finance), it is meaningless.

The moderator pointed out that the biggest challenge is pricing, which is dependent on market factors. Conventional banking is currently dominant in the industry and it sets a pricing benchmark. This does not always make economic sense for Islamic finance and the challenge for it is how it would compete in a subsidised industry. There needs to be a paradigm shift to change the industry.

MR. YUSLAM FAUZI, PRESIDENT DIRECTOR, BANK SHARIAH MANDIRI, noted that Islamic finance in Indonesia is sometimes misconceived as an Islamisation of the industry or the country. Welfare is one of the main objectives of the shariah. This was promulgated by As-Syatibi (d. 790H), who promoted the maqaasid-al-shariah (theory of shariah). In the Quran, there are at least 69 verses about poverty. However, the welfare of Muslim countries is very low. The Human Development Index (HDI) measuring life expectancy, education, literacy and enrollment, as well as per capita gross domestic product

THE UNITED STATES, WHICH MAKES UP LESS THAN 5 PERCENT OF THE WORLD POPULATION, ACCOUNTS FOR 25 PERCENT OF THE WORLD ECONOMY. ASIA, ON THE OTHER HAND, MAKES UP ABOUT 55 PERCENT OF THE WORLD POPULATION AND YET ALSO CONTRIBUTES CLOSE TO 25 PERCENT OF THE WORLD ECONOMY. BY 2030, ASIA IS LIKELY TO ACCOUNT FOR 53 PERCENT OF THE WORLD'S GDP COMPARED TO 33 PERCENT FROM THE UNITED STATES AND EUROPE COMBINED. THIS PRESENTS ENORMOUS OPPORTUNITIES FOR ASIA.

at purchasing power parity is the most comprehensive measurement for the welfare of a state. It shows that the HDI of most Muslim countries is in fact lower than that of non-Muslim ones. Only two Muslim countries are in the top 30 of the HDI, Brunei and Kuwait with 2.7 million people representing 0.1 percent of the total Muslim population. Only one Muslim country, the UAE, is included in the top 30 life expectancy index. The top 30 HDI countries have no natural resources but have succeeded in developing a knowledge economy (k-economy). Sharing the example of Indonesia, he stated that the country's GDP index is very low and ranked 121. Approximately 33 million (14.35 percent) live under the poverty line. Indonesia needs to improve its education quality for a k-economy. Mr. Yuslam recommended the prioritisation of education and fair prosperity distribution to develop a k-economy. Additionally, he encouraged the promotion of poverty alleviation in line with the demands of Islam.

MR. GITA WIRJAWAN, CO-CHAIRMAN OF ANCORA CAPITAL, pointed out that the United States, which makes up less than 5 percent of the world population, accounts for 25 percent of the world economy. Asia, on the other hand, makes up about 55 percent of the world population and yet also contributes close to 25 percent of the world economy. By 2030, Asia is likely to account for 53 percent of the world's GDP compared to 33 percent from the United States and Europe combined. This presents enormous opportunities for Asia.

In the past 50 years, excess surplus in less developed markets including Muslim markets such as Indonesia had to be placed in Western markets because the latter were not yet ready to absorb them, in terms of financial systems. Many Asian bureaucrats had also not been able to affect decision-making in the evolving regulatory framework. These factors have dovetailed into the present crisis. Many Muslim countries have benefited from the crisis in that they had not invested too much in Western markets. Also, due to the shariah components of Islamic finance, Muslim countries were unwilling to facilitate many of the products that went through different levels of repackaging such as derivatives.

Can Islamic banking give a new and higher moral dimension to the new financial setting? Mr. Gita reminded that the crisis has precipitated first, massive deleveraging exercises by institutions all over the world. Second, there is a trend toward back-to-basics banking or financing. The pyramid of fancy structures, that is covering the real economy with unreal transactions, has crumbled. Third, the crisis has also resulted in increased government regulation, in turn resulting in an increase in protectionism, regionalism, and extreme behaviours in domestic economies.

The positive outcome of this, on the other hand, has been the conscious effort to reconfigure portfolios among the Middle Eastern markets. Countries like Malaysia and Indonesia have benefited from this exercise. It is opportune for economies like Indonesia to properly position itself in relation to the rest of the world and Islamic countries, most of which have political stability, and financial and economic resilience, should educate others on the merits and benefits of investing in Indonesia, for example. The last few months have not been easy for Indonesia but very encouraging, nonetheless. Islamic finance in Indonesia is not as developed as in Malaysia but the former's sukuk bond issuance has been oversubscribed by four times over in recent days. Although its regulatory framework is still embryonic, Indonesia has shown that it can be as good as the others. With its USD2,000 GDP per capita and despite challenges in the past decade, Indonesia, Mr. Gita concluded, has the potential to be as big an economy as one with a USD20,000 GDP per capita.

Asking whether Islamic finance will appeal to non-Muslims in Indonesia as

Mr. Adiwarman Azwar Karim, President Director, Karim Business Consulting, explaining some points to the audience of the WIEF Young Leaders Forum.

The full line-up of the panelists of the third plenary session of the WIEF Young Leaders Forum.

has happened in Malaysia, Mr. Aditya Chandra Wardhana, Director, IndoPacific Edelman suggested that the bigger question is why it is not selling to Indonesian non-Muslims now. The answer lies in the secular belief system in Indonesia and the misperception this feeds into regarding Islamic banking and finance. There needs to be more dialogue, two-way communication, and options and alternatives to get past this.

It was posited during discussion that the principle of caveat emptor that exists in conventional finance is a fundamentally unIslamic one. It was explained however that the same principle applies in Islamic finance and the duty of care lies on the part of the contracting parties. However, it is mitigated by the principle of justice. Islamic finance is based on muamalat, or essentially commercial transactions. The audience was reminded that Islamic finance is not the solution to welfare problems. It is primarily concerned with business not welfare. There is, however, the principle of caveat venditor or seller beware which has unfortunately not been fully recognised in Islamic finance. This is in large part because Islamic finance has inherited concepts from conventional finance. From an Islamic viewpoint, if the seller is selling a credit product, he should educate his customer on investment based on whether he can afford to. It was stated that both Islamic and conventional finance are effectively driven by the same factors and that everybody must manage and protect their reputations in a credit crunch. While Islamic banks are obliged to manage their shariah integrity, resulting in a slightly higher cost, both they and conventional banks share the same level of accountability from a good governance standpoint.

Sharing the Indonesian experience, it was explained that in Indonesia, Islamic finance cannot be used to buy non-Islamic products or services. When a customer wants to open an account, s/he must sign a declaration that they will adhere to fatwa issued by the Ulama Council of Indonesia and use their money accordingly. However, because the regulatory and practical framework of Islamic finance is still nascent, those issuing fatwa are somewhat more open-minded in permitting what can be done. In the next year or so, the country should be more streamlined in its operation of Islamic finance.

PLENARY SESSION 4
PLUGGING IDEAS INTO BUSINESS: CREATING INNOVATIVE INDUSTRIES

MR. ASIM SIDDIQUI, FOUNDING TRUSTEE OF THE CITY CIRCLE, UK MODERATED THIS SESSION WHICH LOOKED AT THE EXAMPLES OF SUCCESSFUL YOUNG ENTREPRENEURS WITHIN THE MUSLIM WORLD ENGAGED IN INNOVATIVE INDUSTRIES.

MR. SANDIAGA UNO, CEO, SARATOGA CAPITAL AND WINNER, 2008 ASIA-PACIFIC ENTREPRENEURSHIP'S ENTREPRENEUR OF THE YEAR AWARD, recounted that when he found himself unemployed 10 years ago after his employer folded during the last financial crisis, he decided to open his own business.

He suggested that entrepreneurs think about the trend five to 10 years into the future and to think outside the box. Touching on entrepreneurial challenges, he spoke about how he was immediately discriminated on the basis of age when he started his business. Now, however, young entrepreneurs are being treated with more respect.

Mr. Sandiaga underscored the importance of looking for funding, particularly in the creative industries that generally have a tougher time in this area. The present crisis, however, opens the door to Islamic finance as an alternative and the next phase of the world economy will see an optimistic widening of creative industries thus affording new opportunities to those involved. Young people and creative industries will be synonymous and the question will be "why not?" rather than "why" in terms of fashion, food, and film.

MS. RABIA ZARGARPUR, FASHION DESIGNER OF AWARD WINNING LABEL "RABIA Z", did what nobody on the international fashion scene did. She got models with hijabs on the runway and it was the best thing she ever did in her career. Everything she does, she said, is to promote peace through fashion and art.

After the launch of her initial Rabia Z label (marketed as the premiere prêt-a-porter label from the Middle East), she concentrated on diversification and launched two other labels: Conservative Couture, marketed as the premiere conservative and contemporary demi couture and bridal label, and Ruby, the premiere mass high-street label designed with ethnic consciousness. Her target audience includes Muslim and non-Muslim women aged between 15 and 55 years. In the United States, she has identified the aggregate disposable income of 8 million Muslims worth USD170 billion. In the United Kingdom and

Mr. Sandiaga Uno, CEO, Saratoga Capital explaining a point to the audience.

the European Union, it is USD4.8 billion from 6 million Muslims.

In her short journey, her work has been very well-received with numerous awards and accolades as testament to her achievement. The biggest award she gets, however, is mail from her Muslim sisters. She advised entrepreneurs not to fear obstacles as these can be overcome with faith and fortitude, to balance creativity with the right amount of commercial responsibility, to be transparent with partners, teams, employees, consumers, and to always incorporate Islamic principles in any initiative.

Fellow panelists of the fourth plenary session on "Plugging Ideas into Business: Creating Innovative Industries" having a good laugh. (From L to R) Mr. Asim Siddiqui, Founding Trustee, City Circle UK, Ms. Fatma Mahfudh, Managing Director, FM Magazine, UAE, and Ms. Rabia Zargarpur, Fashion Designer of Award Winning Label "Rabia Z".

Ms. Fatma Mahfudh and Ms. Rabia Zargarpur.

Mr. Sandiaga Uno having some light moments with Mr. Asim Siddiqui.

MS. FATMA MAHFUDH, MANAGING DIRECTOR, FM MAGAZINE, UAE, explained that within the Gulf Cooperation Council, construction and real estate markets have driven growth. These are challenging times now but they test the ability to stand out and to dare to be different. In her last five years in the publishing industry, she noted that while the focus had been on building the largest building in the fastest time, no one looked at sustainability, property life cycle and asset management issues. Consequently, there are now many unoccupied buildings. She asserted that the future of construction in Dubai is now. The current real estate sector's focus is on maintaining assets by leasing facilities, and sustaining them for the life cycles they have been built. It is easy to get people to occupy buildings in Dubai primarily because of the freehold property market, which encourages investors to settle and bring in business, in turn stimulating innovative industries. Occupation of this freehold market, however, will depend on the global market.

Speaking personally, Ms. Fatma noted that as a young Muslim woman, she sometimes finds it harder to prove herself in the Muslim world. Yet, she reminded there is no glass ceiling except in the mind. She urged aspiring entrepreneurs to be the change they want to see in the world, in the likes of Mahatma Ghandi. Why wait for someone else to create jobs when you can start your own?

Speaking of the dynamic times at present, she pointed out that now is the time for the ummah to unite. Why should the Muslim world wait for the West to approve of Islamic finance, for example?

Asked during discussion whether governments have a role to play in promoting entrepreneurship, it was observed that many entrepreneurs come from a non-entrepreneurial family. Mr. Sandiaga noted that what changed his perspective was the education and exposure he received. He could have gone into sorrow when he lost his job but education, optimism and a positive attitude drove him to create a job rather than look for a job. In Indonesia, the government is not known to help entrepreneurs. But this taught him to take calculated risks and to read future trends five to 10 years ago. He foresaw the energy and mining businesses prospering. Coal price, for example, was then less than USD20. Now, it is more than USD80. Citing family support and networking as the main contributors to his success, he stated that governments can play a role if they want to. The global financial crisis now allows young minds all the potential to reap its benefits if they are determined to.

Touching on Muslim culture and its teaching of respect for the elderly, it was noted that this may or may not restrict innovation and young entrepreneurship depending on specific circumstances such as family, culture, time and place. A dynamic environment can aid creativity and innovation.

Significantly, it was pointed out that venture capital is non-existent for the high-technology and innovative industries in Indonesia. After the financial crisis of 1998, there was an absence of venture capital. Most ventures in creative and innovative industries usually have to be funded by family and friends. Once a business has a track record of two to three years, however, there is greater access to the banking community. It is almost impossible to look for an organised venture capital for the creative industry. Most films made in the last five years in Indonesia have been financed by high nett worth individuals or friends and family as no local institutional venture capitalist would touch this creative industry. This is because the government has not given much support to venture capitalists and priority has not been high. The government was urged to look into this.

CREATIVITY IS NOT NURTURED THE WAY IT WAS BACK IN THE DAYS OF RICH ISLAMIC ART WHEN MONARCHIES WERE PATRONS. GOVERNMENTS ARE NEEDED TO SUPPORT THE CREATIVE INDUSTRIES. FASHION, FOR EXAMPLE, IS NOT ENTERTAINMENT AND PEOPLE NEED TO STOP THINKING THAT. RATHER, IT IS THE FIFTH LARGEST EARNER.

There needs to be a mindset shift but in the meantime, it was encouraged to treat every obstacle as a guiding step and a learning experience, and to do what one is good at and get help in improving weaknesses.

PLENARY SESSION 1
OPPORTUNITIES BEYOND BORDERS

THE STEREOTYPE OF OIL AND GAS BEING A "MALE" INDUSTRY IS SLOWLY DIMINISHING, AND PERTAMINA IS CONSCIOUS OF THE NEED FOR MORE FEMALE PARTICIPATION IN ITS MANAGEMENT AND OPERATIONS. FOR THE FIRST TIME IN PERTAMINA'S HISTORY, IT NOW HAS A FEMALE PRESIDENT DIRECTOR WITH MORE FEMALE PARTICIPATION AT SENIOR MANAGEMENT LEVEL.

Panelists of the first plenary session of the WIEF Businesswomen Forum. (From L to R) Ms. Evelyn Mugai, President, All Africa Businesswomen's Association, Kenya and Ms. Mary Schnack, International President, National Association of Women Business Owners, USA.

MS. DESI ANWAR, SENIOR ANCHOR, METROTV INDONESIA, moderated the session, stating that more women would be involved in the business and economic sectors if there were more opportunities open for them.

MR. AGUS TJAHJANA, SECRETARY GENERAL, MINISTRY OF INDUSTRY, INDONESIA, elaborated on his Ministry's initiatives to increase women's involvement in business and industry. He began by stating that women make up half the urban population in Indonesia and around 47% of the rural population. Hence, women's participation in the economy is vital.

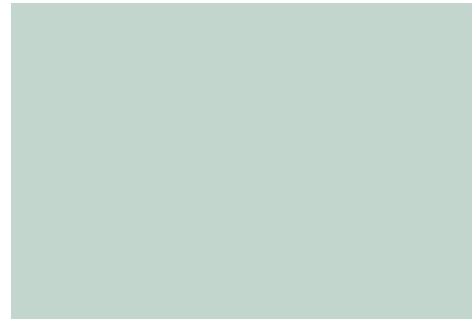
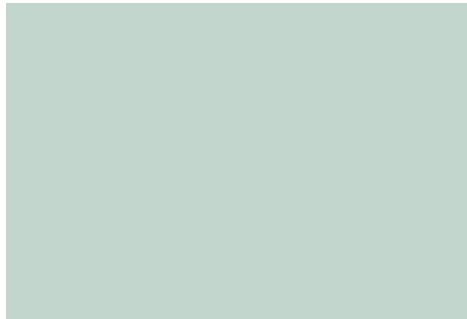
In line with the Development Vision of the Ministry of Industry, that of competitive, strong, healthy enterprise, a programme dubbed "KUB" (Women's Business Community Group) has been set up to encourage women-owned business enterprises. KUB is an integrated cross-sector programme established by local community members with similar business activities and interests.

The KUB Development Model consists of workshops, for disseminating knowledge and motivation. These workshops are facilitated by Regional Coordinators who are in essence field supervisors, coordinating access to potential production activities. KUB Motivators are also on hand to motivate group members; motivators are usually entrepreneurs themselves. The KUB programmes focus on specific area of activities, including craft industries, textiles and food. Through the KUB Development Model, the government of Indonesia provides assistance through training, access to raw materials and equipment, start-up materials, promotion and marketing. From 2002 to 2007, the KUB Development Model has involved 108 motivators and over four thousand women. It has resulted in improvements in skills and knowledge, professionalism, motivation, creativity and innovation, as well as an increasing number of high value-added products.

Through the KUB Model experience, Mr. Agus concluded that the active role of government is essential to promote female entrepreneurs, and that the empowerment of women SMEs significantly benefits regional development as well as the growth of the Indonesian economy.

MS. EVITA MARYANTI TAGOR, SENIOR VICE PRESIDENT, FINANCING AND RISK MANAGEMENT, PT PERTAMINA, began by explaining that although PT Pertamina is one of the largest companies in Indonesia and is the most profitable state-owned company, it is not yet in the same league as the international oil and gas giants. Pertamina aims to be a world-class oil company and to achieve this goal, it has implemented an ambitious business transformation programme to make it more customer focused and competitive.

The stereotype of oil and gas being a "male" industry is slowly diminishing, and Pertamina is conscious of the need for more female participation in its management and operations. For the first time in Pertamina's history, it now has a female President Director with more female participation at senior management level.

Pertamina is also conscious of the need to help women and children and has programmes to empower women as well as provide opportunities for more women to participate in business. More than 3,000 small industries, many of them female-owned, have benefited from Pertamina's partnership and community programmes as well as small business loans. Ms. Evita acknowledged that the programmes do not resolve the whole issue of women development. She pointed out that it is also the responsibility of each community to help their female members. However, Pertamina's CSR initiatives for women encourage women to improve their education to eliminate and reduce economic disparities.

Ms. Evita concluded by saying that women, particularly Muslim women, must overcome not just economic barriers but also social barriers in order to succeed in business. The perception that family welfare is the sole responsibility of women inhibits many women from participating in business.

MS. MARY SCHNACK, INTERNATIONAL PRESIDENT, NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS, USA, said that women-owned enterprises in the US is experiencing a growth rate higher than that of the national economy. In the US, 48% of businesses are owned by women, compared with the global average of around 25%.

Ms. Schnack stressed that international commerce is the key to growth in business and cited research that show businesses that engage in international trade grow at twice the rate of domestically-confined companies.

With access to international markets being key, technology is crucial for business success. Technology enables an international reach for businesses with the cost in terms of time, money and physical "wear and tear" (due to physical travel) being much reduced. Still, technology needs to address efficient ways of businesswomen to "find" each other and build trust. Lack of trust, Ms. Schnack emphasised, is still the key barrier to international networking and business cooperation. Cultural awareness is also an essential ingredient to international business success and women are naturally more adept at cross-border cooperation as they are more culturally sensitive and better at forming relationships. Associations and organisations can also promote international business, with a global networking site such as Ms. Schnack's own www.connected-women.com enabling links to be formed across boundaries.

With so much emphasis on networking, Ms. Schnack is quick to point out that business networking and social interactivity on their own will not be sufficient to empower more women in business. Women need to work together to recommend and formulate policy to government. What is most important is that women band together to ensure that their voices are heard.

Governments worldwide tend to focus business empowerment programmes on export-oriented sectors but there needs to be more emphasis on service industries, which women-owned enterprises tend to favour. In the US, more than half of all businesses owned by women are service-oriented.

Ms. Schnack concluded her speech by stating that her role, as the only US representative at WIEF, is to spread the world about Muslim businesswomen and to let her American counterparts know that Muslim businesswomen are determined, driven and serious about business. The perception that Muslim women cannot be, and are not, active in business must be corrected, she said.

MS. EVELYN MUGAI, PRESIDENT, ALL AFRICA BUSINESSWOMEN'S ASSOCIATION, KENYA, pointed out the weakening trade relationships of African nations with their former colonial masters and with the US, and the strengthening trade relationships with Asian countries such as China and Malaysia. While Africa is often associated with strife, poverty and war, the continent has abundant natural resources and many skilled workers, providing ample business opportunities. Africa's marketplace is also amalgamating into one trading bloc to ease and facilitate trade. Partnerships are strongly encouraged in Africa with African business partners assisting their foreign counterparts who bring in products and services with localisation and acclimatisation to the African markets.

WOMEN, PARTICULARLY MUSLIM WOMEN, MUST OVERCOME NOT JUST ECONOMIC BARRIERS BUT ALSO SOCIAL BARRIERS IN ORDER TO SUCCEED IN BUSINESS. THE PERCEPTION THAT FAMILY WELFARE IS THE SOLE RESPONSIBILITY OF WOMEN INHIBITS MANY WOMEN FROM PARTICIPATING IN BUSINESS.

Ms. Evelyn Mugai stressed on the need for businesses to go beyond borders to grow and acknowledged that it takes a lot of courage to go beyond the comfort zone of geography, currency and customs. Going international, however, will expand one's knowledge and experience and the journey itself can be "addictive".

With the current economic crisis, Ms. Evelyn Mugai emphasised that women need to look beyond the gloom and doom to search for opportunities. While women are naturals at networking, they need to be bolder in forging new business relationships. To empower women in business, more work needs to be done with strong support needed from women and also from the men. In countries where women are just gaining rights, especially, mentoring, networking and government assistance become even more important for women's participation in business and social life to increase.

MS. JAMELAH JAMALUDDIN, MANAGING DIRECTOR, RHB ISLAMIC BANK BHD, MALAYSIA, outlined the role of banks in assisting women to go beyond borders in business. In this particular area, Ms. Jamelah stated that Islamic banking can fill in the gaps normal banks are not addressing.

For example, most women-owned businesses are involved in cottage industries. Banks that have introduced micro-financing to women in these sectors have experienced higher than average rates of repayment. Ms. Jamelah pointed out, however, that for women-owned businesses to grow, it is essential that women move out of their comfort zones in terms of industry and also venture beyond their national boundaries. In this respect, Islamic banks can assist by providing innovative financing schemes that encourage cross-border businesses (e.g.: sukuk). In terms of RHB Islamic Bank, different scorecards are employed for women business-owners than for males, in recognition of the different risk profiles and management approach of businesswomen.

The Bank also recognizes women's multi-tasking roles, juggling family, household and business, and has taken steps to ensure less waiting time for women. Still, Ms. Jamelah said there remain gaps that need to be filled to meet the specific needs of female business owners.

In the **QUESTION AND ANSWER SESSION,** the role of effective networking was highlighted, with a number of the speakers and guests agreeing that attendance to forums and events such as WIEF provided the essential first step towards forging new relationships. One of WIEF's main goals is to encourage and enable the development of such relationships.

The speakers also emphasised the need for women to go beyond traditional industries such as textiles and craft and to have the courage and vision to venture into sectors such as property and construction. One of the main stumbling blocks for women entrepreneurs no matter what the sector, however, is lack of capital and banks such as RHB needs to address this. It was highlighted that while micro loans are good for start-ups, credit is very limited for business growth and expansion (USD40,000 – USD500,000).

PLENARY SESSION 2
EVOLVING ROLE OF WOMEN IN BUSINESS

Role Players and personalities of the WIEF Businesswomen Forum taking a picture for the occasion.

MS. TJUT SJAHNAZ ZAHIRSJAH RIJADI, HEAD LAW AND ADVOCATE OF THE INDONESIAN BUSINESSWOMEN ASSOCIATION (IWAPI), INDONESIA, BEING MODERATOR OF THE SESSION, POINTED OUT THE NEED FOR CROSS-BORDER MENTORING AND SUPPORT NETWORKS TO HELP WOMEN PROGRESS IN THEIR CAREERS.

MS. BETTI ALISJAHBANA, PRESIDENT DIRECTOR OF IBM ASIA PACIFIC, INDONESIA, pointed out that women have the characteristics that are suited for 21st century leadership: good communication skills, greater emotional sensitivity, the ability to multi-task, a gift for networking and negotiations, as well as a preference for consensual work relationships.

However, women face unique challenges in their career progression, notably societal expectations of women being confined to the role of mother, wife, nurturer, and organisational challenges, with women in the workplace not being given enough challenging jobs. Women also shy away from leveraging on their personal and business connections (networking) and mentoring is still rare among women in the workplace.

In small businesses, women are a dominant force and are established in previously male-dominated industries. Ms. Betti points out that women-owned businesses tend to be more philanthropic than male-owned companies, and also employ more women on average than male-owned businesses.

There is a new generation of businesswomen emerging – women who are as comfortable as their male counterparts in the use of technology. Studies have shown that technology usage have increased among businesswomen, with businesswomen just as likely as businessmen to adopt new technology for their business. The rationale may differ with many women driven by the goal to create a better workplace for their employees and enabling a more satisfying work-life balance through telecommuting, and so forth.

Specific problems that hinder women's progress in the business sector are: lack of business education and restricted marketing opportunities.

5TH WORLD ISLAMIC ECONOMIC FORUM

Dr. Amany Asfour, President of the Egyptian Business Association (extreme left) and Ms. Attiya Nawazish Ali, Assistant Secretary of the Islamic Chamber of Commerce and Industry (ICCI).

To address these problems, Ms. Betti emphasised the need for women to share success stories through mentoring and for relevant organisations or government departments to provide technical expertise through workshops. World trade associations will also promote international networking as well as increase cross-border business transactions.

Ms. Betti also reminded the audience that societies that protect women's rights will flourish whereas societies that oppress women tend to stagnate, and later diminish, in terms of progress.

DR. AMANY ASFOUR, PRESIDENT OF THE EGYPTIAN BUSINESS ASSOCIATION, began her speech by outlining her definition of power: achieving, implementing and having the ability to act on an idea to bring it to fruition. Empowering women means teaching women to exert the influence to achieve their dreams. In the entrepreneurial sense, it is creating a business – taking it from idea to reality – and making it possible to achieve goals and dreams. For a woman to create an enterprise, she has to be a decision-maker, a leader and she needs to get the full support of her society and family.

To empower women,

- cultural values need to be examined to determine whether biases exist against women. If so, education and training to increase capacity and change mindsets are necessary to enable women themselves to believe they can become decision makers;
- legislation need to be put into place that facilitates female-owned enterprise;
- there need to be products and services to help women create businesses, grow and diversify;
- more marketing tools are needed for women business owners.

Partners for the development of female enterprise are government, civil society and associations.

Dr. Amany explained that in Egypt, there is a business incubation centre for women to enable them to realise their business ideas and to help them market their products. The tagline for the centre is, appropriately, "Financial Independence gives you the power of choice and voice"

MS. ATTIYA NAWAZISH ALI - ASSISTANT SECRETARY, ISLAMIC CHAMBER OF COMMERCE AND INDUSTRY (ICCI), quoted Mao Tze-Tung who declared that "women hold up half the sky". She urged women to stop feeling sorry for themselves and to stop playing the victim. The need right now, said Ms. Attiya, is for women to strategise.

She pointed out that the 20th century has seen great strides made by women in all sectors (political, economic, social) with an unprecedented level of attention being given to women's issues, particularly concerning their participation in all sectors of life. Given the recent attention, Ms. Attiya pointed out that historically,

Islam has always encouraged female participation in business and politics and cited Siti Khadijah, the wife of Prophet Muhammad (peace be upon him) as a shining example. Modern times now abound with examples of successful female entrepreneurs but women in general still have unique barriers to overcome.

Ms. Attiya said one of the major areas that need to be improved for women to succeed in business is networking. She pointed out how networking needs to be result-oriented. An effective network is one with a wide membership, and to achieve this, awareness must be generated through the appropriate channels. Ms. Attiya called on embassies and consulates to play a role and to act as enabling mechanisms for networking.

Cross-border information flows are also important as knowledge must not be confined by national borders. Sharing of information and experience can be facilitated through international training programmes and workshops.

Ms. Attiya called on the women of the Forum to construct a workable mechanism to bring into reality an international network for businesswomen, one that will harness their collective power and knowledge.

HER EXCELLENCY FATIMA HAJAIG, DEPUTY MINISTER OF FOREIGN AFFAIRS, SOUTH AFRICA, noted the poor attendance of women at the WIEF Businesswomen Forum and urged the Forum's committee to address this at subsequent sessions.

Her Excellency outlined her proposals to develop the next generation of female entrepreneurs, including:

- Encouraging young women to participate in the economic and decision-making sectors of government and society. For example, South Africa has increased its representation of women in decision-making structures (e.g. some parts of Africa see 48% female participation in government).
- Women's social groups should address biases against women in schools and other sectors. For example, discrimination against disabled women must be tackled.
- The negative influence of culture and religion which usually inhibit young women from entering the business and economic sector, must be countered. Her Excellency pointed out that in most parts of the world, patriarchy is dominant, thus women do not have equal economic rights and appropriate representation in government. Economic structures are also male-dominated, and the so-called "old boys club" prevent women from entering and progressing in some sectors (e.g. banking). A 2005 South African study found that women tend to participate in activities such as craft, retail, textiles with only a meager number being active in mining and engineering.
- The role of government is essential and must consciously create an enabling environment for the next generation through policies that level the playing field and open up sectors of businesses for women. The socio-economic needs of women must also be given due attention. In South Africa, the government regularly consults with women's associations and groups to aid decision-making.

Her Excellency concluded by holding up the example of South Africa as a country where active government action and good policies have facilitated women's progress.

FOR THE QUESTION AND ANSWER SESSION, the women delegates decided that a meeting of women's organisations should be arranged to discuss the action steps that need to be taken to formalise and effect an international network.

Ms. Fatima Hajaig, Deputy Minister of Foreign Affairs, South Africa (top picture),

Ms. Tjut Sjahnaz Zahirsjah Rijadi, Head Law and Advocate of the Indonesian Businesswomen Association (IWAPI) speaking while looked upon by Ms. Betti Alisjahbana, President Director of IBM Asia Pacific (right picture).

A representative of the Islamic Development Bank (IDB) also suggested that a database be constructed containing information of businesswomen on a sectoral or regional basis, with membership to the database being a paid membership.

Dato' Dr. Norraesah Mohamad, Chairman of the WIEF Businesswomen network, stated that women's associations should not compete with one another but should synergise their efforts to make networking effective. She invited all the women's associations who were present at the Forum to become members of WIEF, and, by extension, become members of the Islamic Chamber of Commerce and Industry (ICCI). She stressed again that delegates should be thinking of working with one another and not against each other.

Dr. Amany Asfour, President of the Egyptian Business Association on the projection screen.

PLENARY SESSION 3
TRANSFORMING MARKET CHALLENGES INTO OPPORTUNITIES

MR. MAHMOUD ABUSHAMA, HEAD, HSBC AMANAH SHARIAH, INDONESIA, MODERATED THE SESSION AND STATED THAT THE CURRENT ECONOMIC CRISIS AFFECTS ALL BUSINESSES, NOT JUST FEMALE-OWNED BUSINESSES. THE IMPACT MAY DIFFER DUE TO THE INDUSTRY AS WELL AS SIZE OF BUSINESS.

Ms. Winny E. Hassan, President, PT Bank DKI Indonesia speaking at the third plenary session on "Transforming Market Challenges into Opportunities".

MR. IAN BUCHANAN, SENIOR EXECUTIVE ADVISOR, BOOZ & COMPANY, opened by stating that the economic crisis is the longest, most serious that the world has ever experienced. It is not “business as usual” and it will not be, not for a long time.

The economic crisis, however, does have some benefits. It will:

- help people to think the unthinkable, and go beyond conventional solutions;
- push a rethinking of products and services;
- rationalise corporate portfolios to maximize value and increase enterprise resilience (in this respect, a culture of innovation and personal accountability will be rightly emphasised);
- recognize that businesses compete with other businesses and markets; governments should not be directly involved in business but must create the environment that will allow businesses to thrive;
- encourage governments to engage the business sector in solutions for the economy (as an example, the National Economic Action Council or NEAC in Malaysia);
- push non-governmental organisations like the WIEF Foundation to encourage greater business partnerships in the Muslim World and between Muslim and non-Muslim business communities;
- force governments to help their own citizens earn more, and thus, spend more.

MS. WINNY E HASSAN, PRESIDENT, PT BANK DKI, INDONESIA, said that post-97 crisis, many banks in Indonesia became foreign-owned, and that altered the banking landscape in the country. She also mentioned that more micro-finance schemes are needed to encourage women’s participation in enterprise, and urged women to take more risks and not be afraid of failure.

5TH WORLD ISLAMIC ECONOMIC FORUM

Mr. Ian Buchanan, Senior Executive Advisor, Booz & Company.

Ms. Noorizah Abd. Hamid, Managing Director of PLUS Malaysia.

Starting from the left, Mr. Mahmoud Abushama, Head of HSBC Amanah Syariah Indonesia, and Dr. Shaikha Al-Maskari, Chairperson, Al-Maskari Holdings UAE.

DR. SHAIKHA AL MASKARI, CHAIRPERSON, AL MASKARI HOLDINGS UAE, stated that all OIC countries should work together to overcome the economic turmoil. The OIC should examine its assets and highlight opportunities that are present in the region to attract investors. Currently, Malaysia is one of the most active investors in the Gulf region, with Indonesia now entering the market.

After September 11, there were smart countries that discovered opportunities. For example, Malaysia managed to attract Middle East tourists who shied away from travelling to America. The number of Gulf tourists into Malaysia tripled and investments also are higher compared with pre-September 11. Thailand also attracted billions of dollars of spending money for medical services, from Gulf patients who were wary of travelling to the US.

In light of these, the present economic crisis also presents new opportunities, but there is a need for Islamic nations to study their competitive advantage and present them to investors worldwide. To facilitate investment into the region, the Middle East must be inventive in looking for areas of cooperation. New industries should be researched.

Dr. Shaikha suggested that an advisory panel be set up that presents a cross-functional and diverse team of advisors to provide economic guidance, economic management and wisdom to the region. Dr. Shaikha attributed the fall of Lehman Brothers, for example, to the lack of such a cross-industry advisory panel which resulted in the Bank losing their humanistic ideals.

The last panelist was **MS. NOORIZAH ABD HAMID, MANAGING DIRECTOR OF PLUS, MALAYSIA,** the largest highway toll operator in South East Asia that was incorporated in 2002 and was listed on the Main Board. PLUS’s market capitalization is USD3.9 billion and it has built 846km of highways along the Malaysian north-south grid. Presently, PLUS controls 62% of the highway infrastructure market in Malaysia in terms of road kilometers. With around 4,000 employees, PLUS manages 973km of roads plus numerous tunnels, toll plazas, and interchanges. PLUS deals mainly with the Ministry of Finance and Ministry of Works.

The main challenges of PLUS are competition and growth, particularly as Malaysia is a small country. External challenges include the current economic situation, political pressures (citizen pressure on toll hikes), rising cost of operations, increased customer expectations, managing public perception of toll highways, competition from other modes of transportation (trains and buses) and other highways.

Dr. Shaikha Al Maskari, Chairperson, Al Maskari Holdings UAE, speaking at the podium during the session on "Transforming Market Challenges into Opportunities".

To cope with the challenges, PLUS relies on the talents of its employees, including its toll counter operators and front-line staff. PLUS also employs proactive investors relations and utilizes the latest technology and prospects to innovate ahead of the competition. Cost initiatives are also key, along with good customer relationship management. As the market in Malaysia is limited, PLUS actively explores opportunities in international markets.

PLENARY SESSION 4
GROWING THE NEXT GENERATION OF WOMEN ENTREPRENEURS: ENGAGING YOUNG WOMEN & GIRLS IN ENTREPRENEURSHIP

Fellow panelists of session 4, together with panelists of previous sessions, taking a group photo for the occasion.

Ms. Nurhayati Ali Assegaf, Member of Parliament of the Indonesian House of Representatives and Consultative Assembly giving her presentation during her session.

Mdm Deborah Leary, Vice President of the British Association of Women Entrepreneurs (BAWE).

Panelists of the fourth session. (From L to R) Ms. Tengku Rozidar Tengku Zainal Abidin, CEO of 1901 Malaysia, Mdm. Zaitoun Olive Kigongo, Chairman, Uganda National Chamber of Commerce and Industry, and Mdm Deborah Leary.

Ms. Tengku Rozidar Tengku Zainal Abidin speaking at the podium.

MDM ZAITOUN O. KIGONGO, CHAIRMAN, UGANDA NATIONAL CHAMBER OF COMMERCE AND INDUSTRY, MODERATOR, OPENED THE SESSION BY STATING THAT MENTORSHIP IS IMPORTANT TO ATTRACT YOUNG WOMEN INTO ENTREPRENEURSHIP. IN MOST COUNTRIES, SHE SAID, INHIBITIONS AGAINST FEMALE PARTICIPATION IN BUSINESS ARE FAMILY-DRIVEN AND SOCIAL.

MS. NURHAYATI ALI ASSEGAF, MEMBER OF PARLIAMENT OF THE INDONESIAN HOUSE OF REPRESENTATIVES AND CONSULTATIVE ASSEMBLY, cited a report by a wealth management firm that found Asian women entrepreneurs are generating more wealth than women in any other region in the world. Another study found that 20% of women's total income, worldwide, came from their business activities.

With respect to Indonesia, one of its key challenges is dealing with globalisation's impact on its economy and society. For example, current global economic crisis will affect women who had migrated to urban areas to earn a living for their families. If these women were to lose their jobs, their families would lose their sources of income.

In view of these and other factors, the Indonesian government is keen to encourage more women to start and grow their own businesses. In Ms. Nurhayati's view, to attract young women to become entrepreneurs, the government and NGOs have to encourage women to have greater interest and exert greater power in their own affairs (greater decision-making roles). More guidance needs to be dispensed to women through professional and training associations. Legislation is also important to enable entrepreneurship among women.

MDM DEBORAH LEARY, VICE PRESIDENT OF BRITISH ASSOCIATION OF WOMEN ENTREPRENEURS (BAWE), said that women should not be victims of their own gender. For young women to be interested in business, it is important that they realise:

- Entrepreneurship is about managing risk
- True failure is not taking action
- Financial independence is empowerment and the only route to equality
- Financial awareness on the part of female business-owners will build companies that are competent

Mdm Leary mentioned that whilst micro-credit is important at the start-up stage, there needs to be credit available for subsequent stages of growth. She also emphasised the importance of mentorship as learning from other people's experience is invaluable.

The speaker touched on the current economic crisis and attributed it, in part, to a lack of integrity. The crisis highlights the need for business to be ethical and fair. The crisis also presents opportunities for women to enter the business sector, but the fear of failure needs to be overcome. "Don't let the person you are, stop you from being the person you might become," she stated.

TENGKU ROZIDAR TENGKU ZAINAL ABIDIN, THE CEO OF 1901, MALAYSIA, presented the story of 1901 and told the delegates that the franchise business which she started in 1997 has experienced an average growth rate of around 40% per annum, making it one of the fastest-growing franchises in the region. 1901 is now a corporate brand emphasizing friendships, peace and harmony through food, and part of its rebranding target was the young women segment who form a significant proportion of 1901's customer base. 1901's objective is also to convert its customers into franchisees.

Tengku Rozidar also highlighted the appeal of 1901's business model as a platform for young women to enter the business sector:

- 1901 is a franchise that is affordable, easy to manage and requires a relatively low start-up capital
- Franchising options are recession-resistant with physical units that are mobile and allow relocation
- The franchise is a corporate social leadership brand with food for the homeless programme for the urban poor and staff are benchmarked for participation in these programmes
- 1901 also allows universities to take up franchises at concessionary rates and these franchises are then run by students

In the **QUESTION AND ANSWER SESSION,** Dr. Shaikha emphasised the need to make more young women aware of corporate social responsibility through scholarships for formal education in institutions such as Harvard, Cambridge, Oxford and Yale. Ms. Evelyn Mungai recounted her experience in mentoring and stressed on the need to "start small" – with very young individuals – and "build up". For example, she has mentored young women in their teens who are keen to go into business and has witnessed their self-confidence as well as business acumen grow through experience. Mdm Leary reiterated the importance of mentorship and recounted how stories of past successes can inspire young women to go into business. These stories also provide role models for young women.

Ms. Mary Schnack stated again the importance of financial literacy for young adults and children, including young women. She informed the delegates of a business plan contest just for young women and a business training programme for 18-23 year old girls that has resulted in a tremendous improvement in the girls' attitudes towards business and entrepreneurship.

JOINT CLOSING CEREMONY

IT WAS REPORTED THAT THE PROCEEDINGS OF THE WIEF YOUNG LEADERS FORUM AND THE WIEF BUSINESSWOMEN FORUM LEADING UP TO THE 5TH WORLD ISLAMIC ECONOMIC FORUM (WIEF) WERE FRUITFUL AND PRODUCTIVE.

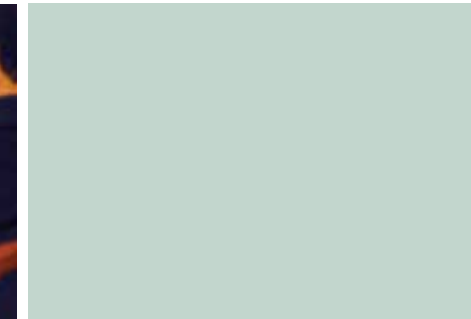
DATO' SRI NAZIR RAZAK, CHAIRMAN, WIEF YOUNG LEADERS NETWORK (WYN), noted that given a growing youth population, young Muslim leaders need to do more to advance. WIEF has provided good and timely opportunities for young Muslims through its scholarships and mentorship programmes. Good succession planning which dispels religious and cultural constraints is pivotal for the development of young Muslims around the world. This would lead to progress in innovation and development in various areas in the private and government sectors.

DATO' DR. NORRAESAH MOHAMED, CHAIRMAN, WIEF BUSINESSWOMEN NETWORK, pointed out that women were also making inroads. There was a call to establish a networking database for women to be able to work together in a more concerted manner. The women resolved not to talk too much about their challenges but to move in a positive manner and capture opportunities. The Businesswomen Forum encouraged women to explore how to better leverage their support networks, improve their individual careers, and benefit their organisations.

TUN MUSA HITAM, CHAIRMAN, WIEF FOUNDATION, observed that within the space of five years, WIEF has made slow but satisfactory progress. The idea of establishing the WIEF was mooted within the framework of the OIC. In its early days, the WIEF was used as a workshop for business people to network though it sometimes scared people with the word "Islam" in it.

Today, the WIEF is relevant especially with the wrong perceptions of Islam's image abound and the current global crisis. WIEF has showcased its interest in extending a helping hand during the global crisis and drawn interest from non-Muslims countries like Russia and Holland because of its advancement of global peace and stability.

WIEF has gained greater recognition and momentum. As a testament to this, next year's forum will be held in Kuala Lumpur and Kazakhstan, in the following year.

5TH WORLD
ISLAMIC
ECONOMIC
FORUM
FORUM DAY 1

OFFICIAL OPENING CEREMONY

AFTER A RECITATION FROM THE HOLY QURAN, MR. SOFYAN A. DJALIL, THE CO-CHAIRMAN OF THE INDONESIAN NATIONAL ORGANISING COMMITTEE WELCOMED ALL DELEGATES TO THE FORUM AND STATED THAT THIS YEAR'S WORLD ISLAMIC ECONOMIC FORUM ATTRACTED A RECORD NUMBER OF DELEGATES: 1,728 DELEGATES FROM 38 COUNTRIES WITH 77 CORPORATE LEADERS AND 85 SPEAKERS. MEMORANDUMS OF AGREEMENT SIGNED ARE JOINT ACTIONABLE INITIATIVES AMONG THE DELEGATES OF WIEF AND THESE MEMORANDUMS HAVE A TOTAL VALUE EXCEEDING USD3 BILLION.

TUN MUSA HITAM, CHAIRMAN OF THE WORLD ISLAMIC ECONOMIC FORUM, began his opening remarks by stating that in the five years since the World Islamic Economic Forum was established, a lot of shocks have hit the world. Between then and now, however, food and energy security have garnered less attention from governments which have turned their attention to the current global economic crisis that is bedeviling the world. It is thus timely for the WIEF to remind its delegates of the seriousness of the situation concerning two of our most basic concerns: food and energy. Thus, the overarching theme for this year's WIEF: "Global Food and Energy Security".

Tun Musa said that the world is currently being tested and that the real test of leadership is in times of crisis. He pointed out that the people who the world had looked up to as being exemplary leaders have turned out to be the culprits who have led us into the current turmoil. In effect, our "gurus" have failed us in theory and practice. The result is that the whole world is in a state of shock, disbelief and confusion.

While causes and effects have been discussed and debated at great length, what the world needs are solutions in the form of actions, those for the immediate term and for the long-term. For the long-term, Tun Musa stressed that the focus has to be on the women and the youth. Women and the young have always been victims of crises and if they are not guided and properly assisted to survive through the current turmoil, humanity itself is in jeopardy. With regard to the development of women and children, he believed that formal education systems have proved inadequate and associations like the WIEF must play its role in providing training and education to women and children.

In the Opening Keynote Address, **HIS EXCELLENCY DR. SUSILO BAMBANG YUDHOYONO, PRESIDENT OF THE REPUBLIC OF INDONESIA,** elaborated on the global financial crisis which began in the USA but has expanded to Europe, Asia, the Middle East and the rest of the world. In light of this, Islamic financial institutions have proven to be more resistant to the meltdown; shariah banking, restraining from the 'profit above all' philosophy dominant in conventional markets, has suffered less from the sub-prime meltdown.

At present, the world is being bombarded with dismal statistics that tell of shrinking markets, diminishing growth rates, declining wealth and fleeing capital. All nations are girding up for tougher times ahead as the contagion has spread from the financial sector to the real economy, causing the collapse of manufacturing industries.

Tun Musa Hitam, Chairman, WIEF Foundation and Mr. Sofyan A. Djalil, Co-Chairman of the Indonesian National Organising Committee of the 5th WIEF, looking at H.E. Susilo Bambang Yudhoyono, President of Indonesia hitting the gong at the Official Opening Ceremony.

OFFICIAL OPENING CEREMONY

The line-up of leaders of the Muslim world. (From L to R) Tun Musa Hitam, Chairman, WIEF Foundation, H.R.H. Sheikh Saud Saqr Al Qasimi, Crown Prince and Deputy Ruler, Ras Al Khaimah Emirate of the UAE, H.E. Abbas El Fassi, Prime Minister of Morocco, H.E. Susilo Bambang Yudhoyono, President of Indonesia, Tun Abdullah Ahmad Badawi, the then Prime Minister of Malaysia, H.E. Abdullah bin Hamad Al Attiyah, Deputy Prime Minister of Qatar, H.E. Prof. Dr. Ekmeleddin Ihsanoglu, Secretary General of the OIC and Mr. Sofyan A. Djalil, Co-Chairman of the Indonesian National Organising Committee of the 5th WIEF.

The crisis is affecting the Ummah worldwide. Muslims are one-fifth of the world's population but control less than 7% of the world's wealth and less than a tenth of the world's exports. Of the most indebted countries, twenty-two are Muslim.

The reduction in demand throughout the rest of the world translates into shrinking export earnings, especially with respect to commodities. Most affected are commodity-driven, export-dependent countries with no sizeable domestic market. His Excellency reminded delegates that all 57 countries of the OIC produce a major proportion of the world's food supply but are poor and are hard hit by the crisis due to the lack of technology and (under-investment) in the agricultural sector. Thus, countries of the GCC can improve the welfare of the ummah and counter the food security crisis by investing in these sectors.

His Excellency pointed out that along with the economic troubles are also food and energy security concerns as well as environmental worries. All these, he stated, have attendant political, social and economic impact.

Where energy security is concerned, it is estimated that by 2013, the world will not be able to rely on oil supplies anymore. Thus, all Muslim countries, including oil-producing ones, must boost capacity to innovate and develop unconventional sources of energy. Breakthroughs are also needed on the demand side where the world needs to reduce energy demand without sacrificing the quality of life and comfort. Additionally, His Excellency said that the Muslim world must realise that love of the environment is very much central to Islamic teachings.

H.E. Susilo Bambang Yudhoyono addressing the delegates at the opening ceremony of the 5th World Islamic Economic Forum.

Contrasting trends have been identified when it comes to food and energy: the necessity to tackle climate change leads to the shift to a low-carbon emissions economy and thus the search for alternative sources of energy. Yet, at the same time, food security is being threatened by changes in climate patterns as well as competition with bio-fuel cultivation. As the food and energy crisis are intertwined, solutions need to be global and systemic. Despite the gloomy scenario, His Excellency Susilo Bambang Yudhoyono reminded all delegates not to lose hope and be defeatists. As Allah commanded, "So verily, with every hardship, there is relief", all Muslims must remember the example of Prophet Muhammad (peace be upon him) who never gave up his struggle and retained his faith and Iman.

His Excellency also stated that responses to the global crisis must combine national and international efforts. He cited the example of Indonesia which is responding to the economic turmoil by bringing all stakeholders (including communities) together to formulate a practical response to the crisis. These responses include relaxing banking regulations and capital markets, increasing guarantees for deposits, introducing fiscal stimulus amounting to 1.1% of GDP, providing a social safety net to soften the impact on the poorest Indonesians, and securing deficit financing by working together with overseas banks and organisations. Regionally, Indonesia also supports the Chiang Mai Initiative to help ASEAN + 3 countries manage their deficits. At the international level, cooperation among Islamic countries should be encouraged by combining natural, human and financial resources originating from different OIC countries. His Excellency reminded all delegates that protectionist trends must be avoided in favour of large-scale cooperation. A trade preferential system among member states of WIEF countries is in fact recommended to increase trade within the Muslim world.

As action steps, His Excellency suggested that Islamic banking should take leadership in the banking world. Islamic banks are much less affected by the financial meltdown than conventional banks due to its principles which avoid dealing in toxic assets. Given the current disenchantment with the traditional banking system, His Excellency believes that the West are now ready to embrace Islamic banking principles and practices. He cited Indonesia's own success with its Shariah Bank that received encouraging response when it introduced the Sukuk to the market. His Excellency also promoted Indonesia as an emerging major Shariah financial centre in the region.

There are also new energy initiatives being undertaken in the Muslim world, with the Middle East being a source of solar energy, a location for the preservation of water resources and wildlife. In the area of alternative energy, His Excellency urged all Muslim nations to examine the scattered energy resources all over the Muslim world for thermal, wind and solar energy sources. Although these sources are not viable on a commercial basis, they can provide up to 60% of a village's energy needs. In Indonesia, His Excellency pointed out that sustainable energy initiatives have proved very successful and there are goals to have 1,000 villages self-sustainable in energy by the end of 2009. Other energy initiatives could include building energy infrastructure, encouraging research and development.

Lastly, His Excellency said that this crisis will pass but not by itself. The Muslim

OFFICIAL OPENING CEREMONY

community must work together with the non-Muslim nations to overcome the current crisis. Muslim values must be a large part of the solution, just as they were when Islam was a formidable force in the 14th century. The crisis presents a tremendous challenge to the world but it is also an opportunity for the Muslim world to show the international community what Islam really is: compassionate, innovative, resilient and forward-looking.

HIS EXCELLENCY TUN ABDULLAH AHMAD BADAWI, FORMER PRIME MINISTER OF MALAYSIA & PATRON OF THE WORLD ISLAMIC ECONOMIC FORUM FOUNDATION, stated that the global economic landscape has turned from bad to worse, with the global financial system collapsing. Countries are pumping funds into their economies to prevent further damage. The crisis is the result of unbridled greed.

The Muslim world needs to turn the adversity into opportunity and present Islamic finance as an alternative banking and finance solution. Islamic finance has a bright future if the sector can overcome challenges that include:

- Devising a set of uniform Islamic finance standards so that Islamic finance can go beyond the boundaries of Islamic countries
- Continuous innovation in coming up with Islamic finance products and services that must be better than their conventional counterparts
- Pooling resources and attracting young and bright bankers into Islamic banking to enlarge the pool of intellectuals and managers
- Provide more training and education courses in Islamic finance, an area where the Islamic Development Bank (IDB) can play a pivotal role

With regard to the food crisis, His Excellency stated that the financial crisis has eroded the purchasing power of the poor who spend 50% to 70% of their income on food. Growth in agricultural activity has also stagnated due to lower food prices, lower investment in agriculture due to the vagaries of environment and fluctuating prices, and land being utilised for commercial commodities or development. His Excellency recommends that investment in agriculture must increase, with technology being utilised to boost agricultural production, and farmers given access to market centres. The farmers must also be properly rewarded for their produce.

Concluding his speech, His Excellency said that the Muslim world is endowed with rich natural resources but it is also beset by poverty and ignorance. A "New Deal" is needed to drive the Ummah forward in terms of economic development and social progress. All Muslims must work to improve their well-being in this world and not just live for the Hereafter. His Excellency also reminded the WIEF Secretariat to follow up with the Forum's recommendations so that the Forum becomes more action-oriented.

HIS EXCELLENCY ABBAS EL FASSI, PRIME MINISTER OF MOROCCO, congratulated the WIEF for hosting this Forum amidst challenging economic times. He said that the crisis is impacting the Muslim economies in the world but that it also is an opportunity to effect changes within the Muslim nations in terms of democracy and human rights. The world's focus has to be on two elements: sustainable development and the development of people.

The economic crisis has led to higher unemployment and poverty levels and has resulted in social crisis in nations all over the world. In view of this, His Excellency called on the Muslim nations to strengthen solidarity and to join forces in development.

His Excellency highlighted Morocco's experience in initiating economic and social reform, informing the delegates that the policies put in place by King Muhammad the Fifth has maintained inflation at 3%, economic growth at 6% with very low unemployment rates. The environment and natural resources have also been preserved and protected. Approximately 4% - 6% of Morocco's energy does not rely on electricity and is via sustainable energy sources.

His Excellency warned against the serious nature of global warming and stressed on the need to develop and maintain a sustainable ecological system. In this area, the Muslim world needs to develop educational institutions to train people in environmental science and sustainable energy resources.

(Picture from the left) H.R.H. Sheikh Saud Saqr Al Qasimi, H.E. Prof. Dr. Ekmeleddin Ihsanoglu, and H.E. Abbas El Fassi.

Morocco hopes that the WIEF Forum will establish real actions in the form of cooperation, be it economic or social, that will lead to better lives for all Muslims. He concluded by reminding the delegates of the Muslim world's responsibility to the Palestinians who are continuing their brave struggle to establish an Independent Palestine.

HIS EXCELLENCY ABDULLAH BIN HAMAD AL ATTIYAH, DEPUTY PRIME MINISTER OF QATAR, believes that the global economic crisis, along with the food and energy issues, affects all countries collectively. The environment and attendant climate change has made it difficult for Muslim nations with agricultural resources to sustain agricultural production. This has affected the balance of trade of certain countries. With the food supply disparity widening even among Muslim nations, it is difficult for the Muslim world as a whole to attain food security. His Excellency urged for greater investment in agricultural technology, and in ensuring the availability of land and water for the growth of the agricultural sector. He pointed out that some countries have the natural resources like land and water, while others have better technology and financial resources. Cooperation among nations is thus crucial to food security.

His Excellency elaborated further on food security, highlighting that producing countries interpret food security in terms of the availability of capital to food production whereas consuming countries interpret it to mean an assured, continuous supply of food. His Excellency called for richer nations to invest in the agricultural development of resource-rich countries to ensure food security.

His Excellency also hoped that the Memorandums of Agreement among the WIEF delegates will lead to concrete action.

HIS ROYAL HIGHNESS SHEIKH SAUD SAQR AL QASIMI, CROWN PRINCE AND DEPUTY RULER OF THE RAS AL KHAIMAH EMIRATE OF THE UNITED ARAB EMIRATES, pointed out that the secret to strong economies is good governance. Good governance, he said, is more critical than ever for the security, health and wellbeing of citizens.

He attributed the collapse of the financial system to an unregulated private sector and stated that this is the time for leaders in government to take charge, to reinvest in their government systems to discard inefficient and bureaucratic practices that lead to wastage and unproductive work. The best minds also need to be attracted into government, he said. The private sector can only be guided by responsible government. A responsible government will lead by example.

OFFICIAL OPENING CEREMONY

The leaders leaving the hall after the opening ceremony of the 5th World Islamic Economic Forum.

Tan Sri Hassan Merican, President and CEO of Petronas Malaysia among the delegates at the opening ceremony of the 5th WIEF.

BOTH RICH AND POOR COUNTRIES HAVE THE OPPORTUNITY TO SUCCEED IF ALL INVEST IN EDUCATION AND RESEARCH, ROOT OUT CORRUPTION, FACILITATE INVESTMENT AND IMPROVE INFRASTRUCTURE.

An irresponsible government will lead to an irresponsible private sector. His Excellency emphasised that the best business a country has to have is government. If a government allows corruption or fails to monitor the private sector, it only has itself to blame when problems occur. Hence, this is the time for government leaders to identify where change is needed and to introduce legislation to provide a framework for business conduct.

His Excellency stressed that both rich and poor countries have the opportunity to succeed if all invest in education and research, root out corruption, facilitate investment and improve infrastructure. Destiny is at our hands and calamity can be an opportunity to seek a better life. In this inter-connected world, countries should work together to counter the economic crisis and other troubles.

His Excellency concluded by saying that the Muslim world can offer a perspective to the international community that transcends economics, as Islam is a religion of peace, hope and progress. Peace, hope and progress should be Islam's message to the world.

HIS EXCELLENCY PROFESSOR DR. EKMELEDDIN IHSANOGLU, THE SECRETARY GENERAL OF THE OIC, referred to the OIC declaration of 2005 that included a programme of action stressing economic cooperation among OIC member states. By 2015, that meeting targeted intra-OIC trade to be around 20% of total trade.

Profesor Dr. Ekmeleddin also apprised the delegates of certain facts: In 2007, with almost 22% of the world's population, OIC states accounted for 6.6% of world GDP, and 9.6% of world merchandise exports. In 2008, the growth of the OIC region is projected to be 7.3%. Intra-OIC trade has reached 16% of total OIC trade and is targeted to reach 20% in 2012, three years ahead of target.

However, Professor Dr. Ekmeleddin said that OIC states are seriously affected by high food prices that reached an alarming number in 2008. Rising food prices have placed many people below their hunger threshold. Some OIC countries require urgent external assistance in food supply. Given this scenario, self sufficiency in food supply is urgently required. According to the FAO, countries that are hardest hit will need at least USD30billion annually to attain food security. Professor Ekmeleddin pointed out that despite the huge arable lands and human resources in OIC Member States, agriculture is still a low priority area, although partnership agreements are being concluded for agricultural investment among some OIC nations.

Professor Ekmeleddin then touched on energy security, reiterating that significant increases in energy prices are a threat to energy security. Rising energy prices lead to higher production costs and higher price levels. On the one hand, OIC oil exporting countries benefited from the high oil prices in the form of large current account surpluses, but OIC oil importing nations were adversely affected. Higher oil prices also sparked demand for bio-fuels, and contributed to the global food security problem as commodities were diverted from food to fuel. The energy crisis affects both developed and developing countries. Globally, more than USD148billion have been invested to fund renewable energy sources.
Over the past six months, the most significant financial crisis in the world has resulted in developed economies entering into recession in second half of 2008. World GDP is expected to be 1% in 2009, from 2.5% in 2008. Economic slowdown has spread to OIC Member States. Due to the absence of data, the extent of the financial crisis for OIC remains incalculable. But the economic slowdown will almost certainly mean cuts in international development aid, possible reversal of capital inflows, reduced demand for OIC exports and the postponement of large projects, among others. However, the global financial crisis may also present opportunities, particularly for inter-trade systems within the OIC to be established.

Professor Ekmeleddin highlighted that one of the biggest challenges facing the OIC Member States is the large economic imbalances among member states. This, however, should be viewed as an opportunity for cooperation and not as a reason for further schisms among the states. There are already various institutions and agencies to foster closer ties and cooperation, such as the ICCI and the IDB, and particularly in the areas of trade and investment expansion, greater access to credit, technical assistance, human resource development and education. The OIC also recognises the importance of the SME sector to the economic development of its members and the region and has established an ICCI task force to recommend policies that encourage the growth of SMEs in the OIC Member States.

Professor Ekmeleddin concluded his speech by stating that one of the OIC's goals is to raise the standard of living and quality of life of the Ummah.

INNOVATIVE SOLUTIONS TO GLOBAL CHALLENGES

This session was moderated by **MR. ALWI SHIHAB, FORMER FOREIGN MINISTER, REPUBLIC OF INDONESIA.**

SPEAKING FIRST, H.E. DR. AHMED MOHAMED ALI, PRESIDENT, ISLAMIC DEVELOPMENT BANK UNDERSCORED THE ROLE OF INNOVATION AS A MAJOR GROWTH AND CHANGE DRIVER IN THE GLOBAL BUSINESS ENVIRONMENT. POINTING OUT THE UNRELIABILITY OF SOLUTIONS DERIVED FROM THE CURRENT STATE OF WISDOM WHICH ADVOCATES UNFETTERED FREE MARKETS AND REGULATION DISMANTLING, HE PROPOSED THREE UNTAPPED INNOVATION AVENUES.

H.E. Dr. Ahmed Mohamed Ali, President, Islamic Development Bank addressing a point at the leadership panel session.

Fellow panelists of the leadership panel session on "Innovative Solutions to Global Challenges". (From L to R) H.E. Isaac Musumba, Minister of Foreign Affairs, Republic of Uganda, Mr. Alwi Shihab, Former Foreign Minister of Indonesia, and Mr. Mohamed Rasheed Al Maraj, Governor of the Central Bank of Bahrain.

First, the promotion of an ethics- rather than rules-based financial structure that would place ethics and principles at the heart of any proposed global financial architecture reform. This would also warrant a shift in emphasis from corporate governance to an ethics-based governance. A core element of the latter – the prohibition of excessive leverage and speculation that enlarges the gulf between the financial sector and the real economy – is already embedded within the Islamic finance industry. In this regard, Dr. Ahmed drew attention to Tan Sri Dr. Zeti Akhtar Aziz's, Governor of the Central Bank of Malaysia, chairmanship of the IDB's Task Force for Islamic Finance and Global Financial Stability and membership of the United Nations General Assembly Commission of Experts on the Reform of the International Monetary and Financial System, in promoting the resilience of Islamic finance and its contribution to the reform of the international financial architecture.

Second, Dr. Ahmed advocated a committed investment partnership with the poor and the vulnerable. Investment problems are opportunities waiting to be unlocked. As such, there needs to be increased investment in technology transfer and innovative, unconventional solutions rather than mere lending.

Third, the God-given potential of full human resources should be unleashed. Effective sustainable development solutions must come from within communities and cannot be imposed or even given from the outside. This requires the full utility of indigenous wisdom and an equal voice accorded to all community members. Otherwise, the impact of such solutions will neither be sustainable nor empowering.

Dr. Ahmed noted that in an increasingly competitive world, no business can afford to pay an employee for providing anything less than great performance. The imperative must therefore be on engaging minds and acknowledging the heightened value of people with ideas. Any response to the ongoing global financial crisis must address its causes that lie within the governance framework. Emotional and spiritual intelligence will be the fuel of organisations and the most important factors in a new governance framework.

In lamenting what he described as the Western economy having long functioned like one big Ponzi scheme resulting in the inevitability of the current credit crunch, **H.E. ISAAC MUSUMBA, MINISTER OF FOREIGN AFFAIRS, REPUBLIC OF UGANDA,** identified several challenges arising from the crisis.

First, financial systems around the world must be regulated and supervised. He gave the example of banks in less developed countries which were closely supervised because of, among other things, IMF conditionalities, security regulations for loans and credit, and strict non-performing loans criteria. Consequently, the integrity of these financial systems is stronger than that of unsupervised systems.

Second, people must learn to live within their means, in accordance with their real income. The public must be informed that the party is over and that they should prepare for a long haul downwards as governments embark

Mr. Alwi Shihab and Mr. Mohamed Rasheed Al Maraj, both expounding their points to the audience at the leadership panel session.

THE IMPERATIVE MUST THEREFORE BE ON ENGAGING MINDS AND ACKNOWLEDGING THE HEIGHTENED VALUE OF PEOPLE WITH IDEAS. ANY RESPONSE TO THE ONGOING GLOBAL FINANCIAL CRISIS MUST ADDRESS ITS CAUSES THAT LIE WITHIN THE GOVERNANCE FRAMEWORK. EMOTIONAL AND SPIRITUAL INTELLIGENCE WILL BE THE FUEL OF ORGANISATIONS AND THE MOST IMPORTANT FACTORS IN A NEW GOVERNANCE FRAMEWORK.

on tough steps to tackle the global financial crisis.

Third, governments should cut expenditure on “adventurisms”. Many developed countries are involved in wars abroad, for example. These expenses have to be scaled down to ensure the integrity of their financial system. Money should instead be dedicated to paying debts incurred by those unable to pay. Where the public has been encouraged to borrow and can no longer repay, it falls on the government’s to ensure that these debts be made good.

Fourth, debt payments should be rescheduled and interest should be waived. People should be incentivised to earn and save, not earn and spend. However, governments may be required to underwrite about 70 percent of these debts.

Fifth, income and consumption taxes should be reexamined. The rich should be taxed on their income although consumption taxes should be reduced so that consumption can be increased without people having to pay more.

Sixth, Africa should be allowed to help ailing economies because with a population of more than 800 million people on the continent, Africa can provide an attractive export market for many of these countries' products. However, this can only happen if the exploitation of Africa’s raw resources stops and Africans are empowered. A richer Africa is an Africa that will be able to consume more. Additionally, value should be added to Africa’s raw materials rather than simply exporting them in their basest form.

Seventh, a dose of IMF medicine should be administered to economies now in crisis.

Minister Musumba was emphatic that the principles of Islamic banking should be adopted by the developed world, even if called by a different name. The economies of the OIC, themselves, should widen its application to avoid a similar crisis. Unfortunately, Uganda’s efforts at forming partnerships in Islamic banking have not received much success.

MR. MOHAMED RASHEED AL MARAJ, GOVERNOR, CENTRAL BANK OF BAHRAIN, highlighted the opportunities the global financial crisis now presents to advocates of Islamic finance, particularly in light of how Islamic financial institutions have thus far survived the crisis with minimal damage. Islamic shariah compliance, he reminded, prohibits interest and speculative activities, and encourages fair and legitimate profit in order to isolate institutions from the potential risks of excessive leveraging and speculating. The Islamic finance industry, however, can only capitalise on the present crisis if it meets the following challenges. First, it continues strengthening the regulatory and accounting framework underpinning the industry.

Second, it emphasises strong disclosure and business conduct as investors must clearly understand the nature of the transactions they enter into. Third, it introduces greater diversity of business models that are now heavily weighted in the property sector. Finally, it introduces greater standardisation of contractual documents and judgments of shariah compliance. As it stands, judgments vary among jurisdictions. A sound international Islamic financial industry would require internationally-recognised certificates of shariah compliance.

It was emphasised during discussion that Islamic finance is not the panacea to the global financial crisis; rather, it has strong positives that should be considered in shaping the new world economic order. Three IDB member states now sit on the G20 – Indonesia, Saudi Arabia and Turkey – with Indonesia co-chairing Group Four charged to look into the roles of the World Bank and other international financial institutions in resolving the crisis. While most efforts are presently directed towards addressing unemployment and the decrease in exports and imports, fundamentals such as the governance of international financial institutions and the way developmental projects are managed also need to be examined. Investment, rather than loans, should be encouraged especially since most projects in the developing world which receive loans without technical assistance fail.

It was also agreed that although intra-OIC trade has expanded from 4 to 5 percent when the OIC was first established in 1975 to more than 13 percent now, there needs to be greater cooperation between Muslim countries with perhaps more trade fairs held in the Muslim world. Finally, it was pointed out that unlike conventional banking which may offer a deposit guarantee at a time of crisis such as now, Islamic banking is based on a profit- and loss-sharing agreement. This means that depositors opting for Islamic banking will have to choose a bank they are confident in, based on informed knowledge.

TRANSFORMING MEDIOCRITY INTO INTERNATIONAL SUCCESS

Sir Iqbal Sacranie, Chairman of MCB Charitable Foundation listening attentively. At the far end is Mr. Tanri Abeng, Chairman of the Executive Centre for Global Leadership Indonesia.

The Honourable Baroness Pauline Neville Jones, Shadow Security Minister and National Security Adviser, House of Lords UK speaking at the podium witnessed by the moderator of her session, Mr. Ebrahim Patel, Chairman, Minara Chamber of Commerce and Industry of South Africa.

THE HONOURABLE BARONESS PAULINE NEVILLE JONES PREFACED HER REMARKS BY ACKNOWLEDGING THAT PEOPLE ARE ANXIOUS AND WORRIED ABOUT THEIR FUTURE PROSPECT, FEARING THE LOSS AND REDUCTION OF THEIR INCOME.

Governments are trying to address this personal insecurity but although political pressures are local, it is very clear that effective global solutions are needed to endure these pressures. There is a need to restore and safeguard the financial system, and a corollary need to ensure effective global coordination for that purpose.

Today, the risk is systemic and of global significance with the potential of jeopardising global wealth. This is all the more significant given that wealth has relatively increased. According to the World Bank, from 1981 to 2001, the number of people living under USD1 per day decreased.

Technology, she noted, magnifies advantages but also increases bad business practices while hunger drives disease and revolutions. World Bank statistics indicate that food prices are increasing and the number of malnourished people will increase by 100 million. By 2050, the demand for food will also increase by 50 percent. These factors, coupled with a persistent economic crisis of more than one to two years could not only increase the risk of regime instability but also greater socio-political instability worldwide. She remarked that governments tend to be unpopular during an economic downturn, driving them towards economic nationalism and protectionism,

Delegates during the special luncheon address on ‘Transforming Mediocrity into International Success’.

and it is now, more than ever, that the Doha Roundtable is needed.

She recommended maintaining an open market system by recapitalising banks, and creating fiscal stimulus packages, among others; being aware of and understanding risks, and learning from Islamic banking as there can be a cross-fertilization with conventional banking.

The session was moderated by **MR. EBRAHIM PATEL, CHAIRMAN, MINARA CHAMBER OF COMMERCE & INDUSTRY, SOUTH AFRICA.**

GLOBAL ECONOMIC AND BUSINESS SCENARIO FOR THE NEXT DECADE

Some of the panelists of the Global CEO panel session. (From L to R) Mr. Mumtaz Khan, Founder and CEO, Middle East and Asia Capital Partners Pte Ltd Singapore, Sheikh Mazen Batterjee, Vice President, Jeddah Chamber of Commerce and Industry, and James T. Riady, CEO of Lippo Group Indonesia.

Christopher Graves, President and CEO, Ogilvy Public Relations Worldwide (Asia Pacific) handling some questions from the floor.

MR. CHRISTOPHER GRAVES, PRESIDENT AND CEO, ASIA PACIFIC, OF OGILVY PUBLIC RELATIONS WORLDWIDE, moderated the session.

The first panelist, **TAN SRI AZMAN MOKHTAR, MANAGING DIRECTOR, KHAZANAH NASIONAL BERHAD, MALAYSIA,** said that the ongoing crisis has affected the Islamic community and suggested that Islamic countries create a central bank to regulate all the Muslim nations' central banks, coordinate economic activities across the Muslim world and channel investments to appropriate sectors. In general, Islamic countries have the advantage of being part of the new emerging world.

MR. MUKHTAR HUSSAIN, GLOBAL CEO OF HSBC AMANAH, stressed that creating a new world order will take time but there are emerging signals that consumption in the Middle East and Asia is rising and this trend is expected to continue for at least another two decades. He advised against protectionism as this will hamper the flow of trade. Mr. Mukhtar recommended Islamic financial institutions to take advantage of its focus on infrastructure, now a source of development for the Islamic capital market.

In terms of ideas to further develop Islamic banking, Mr. Mukhtar suggested:

- To standardize and innovate industry best practices in Islamic finance, and for all practitioners to "walk the talk"
- To attract the large pool of talent currently retrenched from the conventional banking sector; these talents can also contribute to the standardisation of Islamic finance, which is necessary for its worldwide acceptance.
- In addition to governmental meetings (G20, etc), a business interest group ("B20") should be created for the private sector to contribute to policy making
- The real economy should be focused on services innovation and not just product innovation

While Asia will become more important in the aftermath of the crisis, Mr. Mukhtar does not foresee the Chinese consumer sector as being able to replace the US consumer market in the near term.

"Opportunities come at the most inopportune times," said **MR. JAMES T RIADY, CEO OF THE LIPPO GROUP, INDONESIA.** His opinion of the current crisis was the market system works but that the management of the monetary system was faulty, allowing a lot of "air" to be pumped into the system and hence causing a lot of damage.

Based on LIPPO GROUP's own experience, Mr. Riady emphasised on the need to be responsive to change, and to allow current developments to dictate change in how we do business. For example, business in Indonesia used to emphasise "conglomeration", being everything to everybody, but for the future, businesses have to build on selected competencies and alliances as well as to focus on human development.

SHEIKH MAZEN BATTERJEE, VICE PRESIDENT OF THE JEDDAH CHAMBER OF COMMERCE AND INDUSTRY, reiterated that the present crisis is the biggest crisis experienced by the world economy, with the world having lost billions of dollars from the financial institutions that have gone under. Pessimism abounds, with the decline in demand and prices making it difficult for

EDUCATION HAS BEEN AN OFT-NEGLECTED SECTOR AND ECONOMIC DEVELOPMENT GOING FORWARD MUST FOCUS ON EDUCATION, WITH AN EMPHASIS ON CHANGING MINDSETS SO THAT DIFFERENT PHILOSOPHIES OF LIFE AND INVESTMENT WILL EMERGE.

businesses to obtain funding. Sheikh Mazen regarded it as essential that access to capital be increased, reforms be carried out in the financial sector, and that protectionism be avoided.

According to Sheikh Mazen, the Islamic banking industry has not been so adversely affected as it has not relied too heavily on debts and debt-based instruments. There is opportunity for Islamic banking to be implemented in more countries, especially with the current disillusionment with the current banking system.

Sheikh Mazen called on the WIEF to implement the Makkah Declaration of 2005 to increase trade among the Islamic countries to reduce dependence on Western economies. Islamic countries must also cooperate more in the finance industry to facilitate and increase the flow of capital, trade and commodities.

MR. MUMTAZ KHAN, FOUNDER AND CEO, MIDDLE AND ASIA CAPITAL PARTNERS PTE LTD, SINGAPORE, opined that existing economic blocs are now more stressed, and thus, new blocs are going to form. According to Mr. Mumtaz, it is crucial that the collective action of Muslim countries be well supported by governments as government support is essential to survive the new world order. He foresees more balanced participation from emerging markets in the new economic and financial order with Asia being the key driver for the world economy.

In terms of opportunities, Mr. Mumtaz cited the infrastructure sector as an asset class that will present stable cashflows; the Middle East and Asia as the two regions with the most economic potential; Islamic finance being the preferred alternative mode of financing; sovereign wealth funds being a wiser choice than other funds that deal with companies' organic growth; the sustainable energy sector as being the investment sector of choice. He warned that returns from investments will be moderate with none of the high returns previously earned.

In the **QUESTION AND ANSWER SESSION,** a participant brought up the issue of bartering, recommending that Muslim nations switch to bartering for some of their products. Tan Sri Azman Mokhtar, however, said bartering cannot be a long-term solution due to the disadvantage of using products and services as transaction tools. He mentioned that Malaysia did conduct some barter trade during the 1998 crisis when cashflow constraints were acute.

The role of Africa in the new world order was also discussed with Sheikh Mazen stating that Africa has to start taking on a bigger mantle for itself, with the creation of a free trade area among African nations. Mr. Mumtaz Khan, meanwhile, stressed that many African nations are members of the OIC and must be roped into the new world order. Africa is a continent very rich in natural resources but the current model allows for exploitation of its resources by richer nations with little or no development benefits to Africa. Thus, investment models for the continent must change for Africa to build itself economically.

On human development, Mr. James Riady acknowledged that education has been an oft-neglected sector and economic development going forward must focus on education, with an emphasis on changing mindsets so that different philosophies of life and investment will emerge.

On the unity of the Islamic world, Mr. Mumtaz Khan was positive, saying that the Islamic resurgence continues to be very strong. Muslim nations can start with cooperation in the economic sphere and move forward from there, as there is great potential and desire for greater cohesiveness in terms of action on the economic front. Sheikh Mazen stated that each country must also be smart enough to figure out their own unique attributes and strengths.

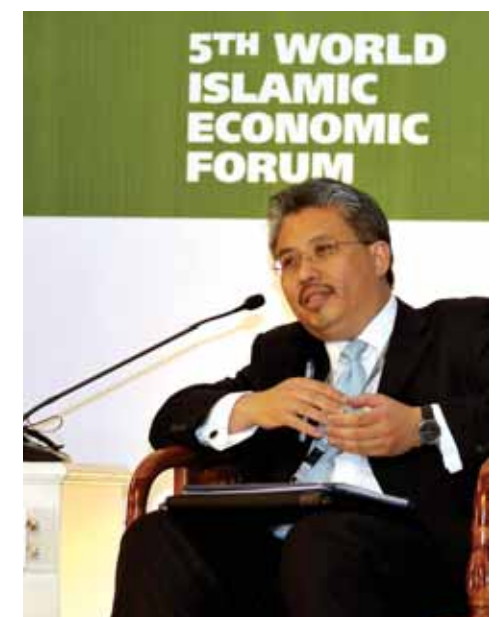
To the question of how businesses and investors can take advantage of the current economic crisis, Tan Sri Azman said that specific areas will include the reconfiguring of global supply chains to ensure that they are more geographically balanced. He also urged greater investment in products and services for the baby boomers as they are approaching retirement at the time of the current crisis. On development, environmental concerns are increasingly important and developments must take into account the environmental factor. He cited the example of the Iskandar Development Region in Johor, Malaysia, as one example of an environmentally-conscious project. In terms of capitalism models, Tan Sri Azman stressed that the world needs to recognise that money is a medium of exchange, not a tool for money-making. In other words, finance is to serve the real economy, and one should not be making money on money. The social justice angle of the real economy also needs to be strongly emphasised, and Islamic finance with its principle of social justice can play a big role in this area. Mr. Mukhtar Hussain later reiterated that Islamic finance meets human needs at all stages of their lifecycle, and this attribute of Islamic finance must be highlighted for Islamic finance to appeal to the whole world.

Mr. James Riady encouraged greater investment in Asia, especially in areas of natural resources such as energy and plantations while Mr. Mumtaz Khan encouraged investment in the renewable energy sector with the Middle East and Asia being his investment destinations of choice.

On the question of whether the Islamic finance sector is experiencing a bubble, Mr. Mukhtar Hussain assured that the risk of a bubble in this sector is much lower due to the fact that the Islamic finance sector is not highly leveraged. Historically, bubbles have been fed by leverage.

On repairing trade, a participant suggested that the IDB play a central role to facilitate multi-lateral trade with member countries. Another participant highlighted the example of Malaysia which is providing credit for two years for major export items for countries with a shortfall in foreign exchange, and is allowing payment in terms of products.

There were also comments that OIC countries in particular need to put in a lot more effort at investment promotion with promotional activities to change people's perceptions of the region required. Mr. Mukhtar Hussain agreed that a lot more work needs to be done to bring more investments into the OIC region, particularly into OIC economies with low investment flows.

James T. Riady, CEO of Lippo Group Indonesia explaining his point to the crowd. Sheikh Mazen Batterjee on his left.

Tan Sri Azman Mokhtar, Managing Director, Khazanah Nasional Berhad Malaysia at the Global CEO Panel session.

5TH WORLD ISLAMIC ECONOMIC FORUM
FORUM DAY 2

PLENARY SESSION 1
BEYOND SCARCITY: OVERCOMING THE GLOBAL FOOD CRISIS

DR. HARBRINDERJIT SINGH DILLON, SENIOR GOVERNANCE ADVISOR, CENTRE FOR AGRICULTURE AND POLICY STUDIES, INDONESIA, moderated the session.

The first panelist, **MR. JOACHIM VON BRAUN, DIRECTOR GENERAL, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE, US,** outlined the five major issues that have shaped the international situation on food security:

1. Long-term low investment in agriculture that undermines the credibility and productivity of agriculture
2. Too little attention being paid to nutrition
3. Boom-bust phenomena of international economics
4. Too little investment in renewable energy
5. Trade policies, particularly with regard to agricultural produce

Mr. Braun illustrated his points with graphs showing the correlation of rising food prices with food-related protests, emphasising that violent protests take place in low-income countries where rising food prices drive overall inflation. For example, in China, food prices are responsible for 80% of overall inflation. Climate change and its impact on water resources are reducing agricultural growth and will have further price increasing effects.

The current economic crisis places further stress on agriculture, with less capital being available for agricultural projects, higher debt burdens for farmers, reduced employment and wages and reduced capability for payment from lower-income buyers of agricultural produce.

In Mr. Braun's opinion, strategic initiatives need to be undertaken to address the problem of food scarcity: higher investment in agricultural productivity and production, facilitation of trade, global and regional grain reserves, support for pro-poor food and nutrition interventions. What is also essential for long-term agricultural growth is increased investment in agriculture research and development. The global food business chain also needs to be activated with the involvement of all players: the agricultural input industry, farms, food processors and traders, food retailers, and consumers.

Mr. Braun highlighted that at present, agricultural productivity growth in developing countries is too low. For example, between 1992-2003, the productivity rate of agriculture in developing countries was much lower compared with developed nations. Recent government-to-government (G2G) initiatives for investment in agriculture encourage rich nations that are rich in capital but poor in land and water, to invest in poorer but resource rich regions. Such investments in agriculture overseas should be guided by the maxim of "large scale investment with small farmers approach" to ensure individual farmers are not sidelined. Over the past year (2008), billions have been pledged under such initiatives.

Mr. Braun concluded his presentation by reminding delegates that food security is closely interlinked with political security and financial and economic stability. Both the food crisis and financial crisis need sustained high-level policy attention.

HIS EXCELLENCY ANTON APRIANTONO, MINISTER OF AGRICULTURE, REPUBLIC OF INDONESIA, elaborated on Indonesia's experience in attaining self-sufficiency in food, especially in rice. In 2008, two dozen years after its initial rice

Dr. Harbrinderjit Singh Dillon, Senior Governance Advisor, Centre for Agriculture and Policy Studies Indonesia, the moderator of the session on "Beyond Scarcity: Overcoming the Global Food Crisis". On his left is H.E. Anton Apriantono, Minister of Agriculture Indonesia.

self-sufficiency, Indonesia achieved its second rice self-sufficiency levels. This was managed through the Panca Yasa's five initiatives:

1. Development of agricultural infrastructures
2. Empowerment of farmers groups and organisations
3. Revitalisation of agricultural lands
4. Improvement of farmers' access to rural capital
5. Improvement of market access to farmers

Twin strategies were employed to provide focus on rural development and aid the poor, and assist in developing food self-sufficiency. In light of the current global food price increases which will reduce consumption quality of poor households, Indonesia gives high priority to achieving sustainable food security and poverty alleviation. At present, Indonesia's rural development programme is active in 11,000 villages throughout the country. Indonesia has also embarked on its "Second Green Revolution", employing and encouraging more environmentally-friendly methods of increasing agricultural production (for example, through integration of crop and livestock farming, and reorientation of breeding technology).

His Excellency outlined constraints for agricultural development in the developing world, among them are, high population growth and low purchasing power of a majority of the population; vast conversion of agricultural tracts for

Dr. Hans Joehr, Head of Agriculture, Nestle SA.

Dr. Joachim von Braun, Director General, International Food Policy Research Institute US.

H.E. Yedil Mamytbekov, Deputy Minister of Industry and Trade Kazakhstan.

non-agricultural uses; small-scale farming dominating food production leading to lower efficiency and productivity; less access to financial resources and high costs of farm input.

His Excellency stated that Indonesia within ASEAN is active in building an integrated food security system for the region. Indonesia is one of the initiators of the ASEAN Integrated Food Security Framework and Strategic Plan of Actions.

The third panelist, **HIS EXCELLENCY YEDIL MAMYTBEKOV, DEPUTY MINISTER OF INDUSTRY AND TRADE, REPUBLIC OF KAZAKHSTAN,** explained that with the rising food prices, Kazakhstan has taken steps to provide greater support for existing food projects and introduce new food projects with new products. Several greenhouses have been established and new farming land has been reassigned for cattle for export, for example.

To stimulate agricultural production, Kazakhstan has also carried out diversification to maintain employment opportunities, simplified its regulations, set up new financial institutions to provide credit and leasing facilities, and establish cooperatives to provide subsidies to farming communities. Income support as well as marketing assistance is also provided.

Kazakhstan has also reduced taxes for imported products, stabilised the prices of important food items, increased domestic production of food, and establish Food Zones around major cities around Kazakhstan. Overall, 93 million hectares of land in Kazakhstan is geared for farming.

These government initiatives for agriculture have allowed the industry to be more efficient, His Excellency pointed out.

His Excellency reminded the audience that political issues come into play where food is concerned, and to counter the food crisis, principles of international trade as well as principles of humanity will need to be emphasised and adhered to.

HER EXCELLENCY FATIMA HAJAIG, DEPUTY MINISTER OF FOREIGN AFFAIRS, SOUTH AFRICA, highlighted that consumer food prices have increased more than producer prices. She attributes the causes of the current food crisis to: population growth, climate change, under-investment in agriculture and increased demand for meat and dairy from developing countries. The continued price rises have political and social impact – they have set back progress to alleviate poverty and hunger, as well as impeded measures to control the spread of major diseases, particularly in developing countries.

With the world's population estimated to grow to 9.2 billion in 2050, global food production has to double by 2050, but there are fewer resources available. Given the complex causes of the food crisis, global action is required to ensure access to food for the poor, with structures to be developed to address the long-term challenges. The United Nations has taken the step to bring together various representatives from governments and NGOs to address the food crisis. There needs to be high-level dialogue among food producers, exporters and importers to formulate solutions for the food crisis.

In terms of Africa, the African Union (AU) has called on its members and the whole world to have a global partnership to deal with the causes and consequences of higher food prices within a humanitarian scope to secure the basic rights to food and life. AU has also called for the successful early conclusion of the DOHA roundtable to facilitate fair trade.

Africa has its Nepad Africa Agricultural Development Programme to sustain economic growth and infrastructural development, specifically in the agricultural sector. Its challenge is to secure international funding to ensure sustainability of its programmes and to undertake a successful green revolution.

Concluding her presentation, Her Excellency asked that Africa be included in WIEF's initiatives and partnerships, as a huge section of Africa is within the Islamic belief system.

DR. HANS JOEHR, HEAD OF AGRICULTURE, NESTLE SA, as the final panelist, explained to the delegates Nestle's business approach. The company measures itself against the principle a business should create value for society over the long-term. This principle has its roots in Nestle's beginnings, two hundred years ago, when Switzerland was a very poor country. Henry Nestle began the company with the goal of providing affordable and nutritious food to his people. Now, Nestle represents 1.7% of food sales worldwide (the twenty biggest companies represent 9% of the world market). In 2008, Nestle generated CHF109.9 billion in sales from its operations in more than 60 countries.

Milk, coffee and cocoa are the main raw materials in Nestle's products. Sourcing for these raw materials involves interaction with almost 600,000 small farmers assisted by 771 sourcing specialists and more than 7,000 extension workers. Sourcing is conducted according to principles of quality, secure availability of adequate raw materials, as well as development of farmers capacity and capability to produce. Nestle's sustainable agriculture initiative focuses on food safety at farm level with an emphasis on farm income-generating programmes through water use, land use and animal issues. In fact, rural development and water are at the heart of Nestle's upstream supply chain activities, Dr. Joehr said. Supporting farmers is an integral part of Nestle's business model to create shared values in rural development.

Nestle is very prominent in Muslim countries. For example, in Pakistan which is a source of milk for Nestle, the company interacts with more than 44,000 smallholders, more than 4,000 of them women in partnership with UNDP for its women training extension programme. Given a large majority of its consumers are Muslim, Nestle has a very clear Halal policy, incorporating product safety and quality assurance in the value chain of its food production. Nestle also places its consumers' nutritional needs high on its list of priorities.

The **QUESTION AND ANSWER SESSION** began with the moderator, Dr. Harbrinderjit, stating that there is very little institutional, corporate and social memory of the food crisis.

A question was then asked by a delegate that Mankind itself is creating the food crisis by diverting food resources to fuel (for example biodiesel) and through inefficiency in production caused by waste, subsidies and protectionism. Mr. Joachim agreed that the removal of subsidies that have hurt farmers over the past decade has been disappointingly slow and insufficient. He also acknowledged that the subsidies for biodiesel and ethanol in Europe are damaging food security for the poor. According to his research, these subsidies contribute 30% to the price spike of food. With regard to waste, Mr. Joachim

recommends the inculcation of a new consumer ethics with new mindsets towards food scarcity and healthy diets.

Her Excellency Fatima also agreed with the damage caused by subsidies. She stated that the huge subsidies by Europe, Japan and the US for their farmers make it impossible for African farmers to compete. If these subsidies were removed, African farmers' products would become more competitive. Instead, what is happening now is that European farm products enter African markets at lower prices and this hurts the African agricultural sector. In terms of the World Trade Organisation (WTO), the world has gone around in circles over the past few years on the issue of subsidies and Her Excellency states the urgent need to arrive at a satisfactory resolution.

His Excellency Anton reminded the delegates that biofuels help to mitigate the effects of declining world oil supplies. He stressed that it is possible to produce biodiesel without increasing food insecurity through judicious use of raw materials and by instituting new, efficient processes. In the example of Indonesia, the world's largest supplier of palm oil, HE Anton pointed out that production of biodiesel helps to absorb excess supply of crude palm oil. On the issue of subsidies, he agreed that they needed to be reduced. However, subsidies may still be needed for farmers in developing countries who are very poor and need the assistance to procure input. Thus, subsidies should be dismantled but only in developed countries first to ensure good, fair prices for agricultural products.

A delegate then posed the question of food and energy security. As they are intertwined, how would one ensure that food security will not be at the expense of energy security and vice versa?

To this, Mr. Joachim replied that current policies for biofuels are wrong and misguided as they were formulated when political leaders were rushing to enter these industries to respond to the global energy crisis. The cost has been to the poor. For biofuels, there are "good" and "bad" biofuels, which can be distinguished through the sourcing of materials, processing and utilisation. Mr. Joachim stated that biofuels need to be treated like any other products, which means that certification on its production process (to ensure it is clean and environmentally friendly) as well as its sustainable resource development factor is needed. He then stated that food prices rise when oil price rises, due to excess capacity around the world.

Mr. Hans then said that biomass for fuel ends up being a political debate of energy vs food. However, priority needs to be given to feeding the world population over the next few decades – producing enough calories to feed everyone in the world. Good agricultural practices are among the most impactful ways to reduce wastage of natural resources. Thus, education of millions of farmers around the globe is important and governments must provide access to training programmes for the farmers. Public extension services that have been cut off from funding should be revitalised. Mr. Hans pointed out that technology transfers to farmers are also important, as are linkages to the market in a demand-driven system. The private sector also needs to play a role to serve consumers.

Another delegate was curious about Indonesia's response to ensure food supplies for its population during times of emergencies, and queried on the country's food reserves.

His Excellency Anton replied that government-owned enterprises are responsible for shoring up rice reserves, with storage placed all over Indonesia to cope with emergencies. There are also programmes during emergencies to provide money and facilities for food. Additionally, farmers are given grants or subsidies to create food reserves for emergencies. In terms of pricing, the government sets the ceiling price for rice, which is the floor price at which the government through its government-owned enterprises will purchase from farmers. The government also empowers farmers by providing suitably-priced fertilisers, good seeds, and field training through extension workers.

A delegate remarked on the necessity to think globally, particularly at this special juncture where the world is experiencing an economic crisis, a food crisis and an energy crisis. World leaders should prioritise the issues for solutions, but which should come first?

The moderator, Dr. Harbrinderjit, acknowledged the inherent conflicts in the search for solutions, and there are times when politics overshadow reforms. For example, US House of Representatives Speaker Nancy Pelosi announced that comprehensive farming programmes are needed to reform the agricultural sector of the US but felt that the Democrats would lose seats if the programme were to go ahead.

Mr. Joachim responded by saying that the Islamic bloc of countries should play a big role within the global context, and provided two criteria as guidelines to approach the current crises: ethics, with an emphasis on the human right to food; systemic, with an umbrella organisation set up to support agricultural initiatives to increase food production. In line with these criteria, there needs to be productivity protection in poor farming communities, for example, to ensure job creation in rural areas, and free trade so that countries will not block of each other's food supply. Economic cooperation is vital to prevent an impoverishment of the poor for the benefit of richer countries. Mr. Joachim mentioned Bill Gates and Tata as examples of philanthropists from the private sector who are supporting initiatives in the agricultural sector. More such philanthropic contributions should be encouraged.

In wrapping up the session, the moderator, Dr. Harbrinderjit, reminded the delegates that the current challenges can be overcome if the Muslim community builds on Ukhuwah.

Panelists of the session on "Beyond Scarcity: Overcoming the Global Food Crisis".
(From L to R) Mr. Hans Joehr, H.E. Anton Apriantono, Dr. Harbrinderjit Singh Dillon, H.E. Fatima Hajaig, H.E. Yedil Mamytbekov, Deputy Minister of Industry and Trade of Kazakhstan and Dr. Joachim von Braun.

PLENARY SESSION 2
PAVING A GREENER WORLD: CREATING A FUTURE FOR ALTERNATIVE ENERGY

MODERATED BY MR. ARI H. SOEMARNO, FORMER CHIEF EXECUTIVE OFFICER, PT PERTAMINA (PERSERO) INDONESIA, THIS SESSION EXAMINED THE OPPORTUNITIES AND DIRECTION FOR ALTERNATIVE ENERGY IN PURSUIT OF SUSTAINABLE DEVELOPMENT.

Renewable energy, as pointed out by **MR. ABDULLAH HUSSEIN SALAT, SENIOR ADVISOR, OFFICE OF THE DEPUTY PRIME MINISTER, QATAR,** is often hailed as a solution to the world's energy problems, although it is overly concentrated in only six countries. At present, renewable resources (excluding hydropower and biomass), provide only 2 percent of the world's energy needs. The World Bank predicts that the global market for them will reach USD4 trillion in only three decades. In spite of huge strides in renewable energy development, many challenges remain. These are in the maturity of technologies and markets, differences in frameworks, the high cost of geothermal, hydroelectric and solar powers (the latter costs USD0.25 – USD0.50 per kilowatt per hour and is unsuitable for wide-scale power generation), private sector unwillingness to invest without government support, the intermittency and unpredictability of wind, wave and solar powers, and the need to ensure sufficient returns. For renewable resources to be more competitive and economically acceptable, costs would have to equal or be lower than the costs of fossil fuels. Additionally, with the retreat in the price of crude oil, investment in renewable energy resources are looking less attractive because they are now comparatively more expensive. Another systemic difficulty involves the sheer size of the existing energy infrastructure currently valued at USD12trillion. Efforts to convert the existing infrastructure would take many decades. It is still unclear how renewable resources will fare in the face of these challenges.

MR. BILL SPENCE, VICE PRESIDENT FOR FUTURE FUELS AND CARBON DIOXIDE, ROYAL DUTCH SHELL GROUP, posited three hard truths related to the struggling energy sector.

First, the unprecedented demand increase in energy means that there will be a doubling of demand from now until 2050. With a projected world population increase of 6 to 9 billion and increased affluence, the challenge is to do more with the energies available. For Shell, this translates into the imperative to develop fuels that will deliver better mileage.

Second, as supply is struggling to keep pace with demand, there has been a roller-coaster effect on pricing. Even as all types of energy available will be needed, these must deliver efficiency at twice the rate. For the past two decades, Shell has been investing in a broad spectrum of energies. Two areas can make a significant difference: bio-fuels because they provide energy security for countries unable or unwilling to import oil and gas and because they are a low carbon dioxide source of energy, and wind. Shell has invested in several programmes such as IOGEN Corporation in Canada and other conversion programmes. These are not at present cost-competitive but Shell will continue to work across the spectrum. The key challenge will be to ensure energy sustainability and its many facets without impacting the food sector, water, or biodiversity. Natural gas, oil, and coal, however, will remain a mainstay for many decades. Therefore, management of carbon capture and storage

5TH WORLD ISLAMIC ECONOMIC FORUM

Some of the panelists of the session. (From L to R) Mr. Bill Spence, Vice President for Future Fuels and Carbon Dioxide, Royal Dutch Shell Group, Mr. Ari H. Soemarno, Former CEO, PT Pertamina Indonesia, Dato' Sabri Ahmad, Chairman, Malaysia Palm Oil Board, and Mr. Roland Jansen, President, Mother Earth Plantations Switzerland.

Dr. Shaikha Al-Maskari posing a question to the panelists of the session.

from combustion of these resources will be important especially since the technology will be very expensive. Efforts will have to be made to reduce its cost, and research and development in this area will have to be prioritised.

Third, as supply starts to go to higher carbon dioxide emissions, environmental pressures will kick in. The atmosphere today is at 380 parts per million carbon dioxide. Scientists indicate that once that level reaches 450 parts per million, there will be a two-degree centigrade climatic change. The UN Climate Change Conference in Copenhagen in 2009 will hopefully bring about a much awaited post-2012 agreement on climate change.

In highlighting palm oil as an alternative energy source, **DATO' SABRI AHMAD, CHAIRMAN, MALAYSIA PALM OIL BOARD,** observed that the focus would be on the second generation of biofuel from this biomass. He presented an overview of the palm oil sector in Malaysia, explaining that Malaysian palm oil contributed nearly 12% of the 160 million tones of oils and fats produced globally in 2008. In March 2008, palm oil price hit a historic high of USD1, 400 or RM4,300 per tonne. By November 2008, that price plunged to just USD400 or RM1,400 per tonne, causing catastrophe in the industry. The price now hovers around USD500 per tonne, availing both farmers and big plantations some profit margin. Given that Malaysia contributes approximately 85 percent of total world supply of palm oil, the prospects for expanding into biofuels in this area look promising.

Dato' Sabri delivered three key messages. First, although palm oil is very efficient and productive, given current technology it will probably be another four to five years before the production of second generation biofuel becomes really efficient. Second, there is huge potential for the biomass component of palm oil to produce biofuel. To illustrate, 10 percent of a palm oil tree can yield oil. The remaining 90 percent is biomass that can be converted to biofuel. Third, there are capacity and environmental challenges going forward with palm oil biofuel. In Malaysia, 10 factories have started producing biodiesel but only four are running at 50 percent capacity, prompting the question of how to utilise this excess capacity to benefit producers. Additionally, palm oil mill effluent at the mid-stream sector releases methane gases into the atmosphere which can be trapped. Carbon credit can be claimed for this, especially when taking into account that 57 million tonnes of palm oil effluent are generated annually in Malaysia, potentially producing 2,460 cubic metres of electricity.

The issue of using palm oil biofuel to support the national energy grid to the rural population is being explored as is the

(top) Mr. Abdullah Hussein Salat, Senior Advisor, Office of the Deputy Prime Minister of Qatar.

(left) Speaking at the session, Dato' Sabri Ahmad alongside Mr. Roland Jansen.

production of bioethanol from biomass, which still has a long way to go because of costs. There are, however, potential collaborative efforts such as the possibility of producing stronger resin from palm oil biomass for bamboo blades to generate wind energy in China.

The nett available for energy for biomass is still limited. There is, for example, a 1.5 million tonne-capacity of biodiesel ready to be tapped in Malaysia. The challenge for biodiesel manufacturers however lies in costs as the present price of fossil fuels renders biofuels unviable without a subsidy. Given the versatility of palm oil and the large amount of investment in research and development in this area, Malaysia, Dato' Sabri offered, is ready to share its knowledge, transfer technology and expedite the production of bricket for export to Africa, as well as with other OIC and non-OIC countries. While more priority has been accorded to food from palm oil, more research and development needs to be focused on its potential for energy generation and as a renewable source of second generation biofuel.

Noting that the much of the Islamic world is situated more or less around the equator where there is a lot of marginal or unused land, **MR. ROLAND JANSEN, PRESIDENT, MOTHER EARTH PLANTATIONS, SWITZERLAND,** explained that the roots of the jatropha tree can fertilise these lands to grow coffee, wheat, tomatoes, and others and also alleviate poverty. There are 200 kinds of jatropha and only one called the jatropha curcas. It has a nut, which can be harvested manually and pressed for oil. When refined, the oil yields a perfect biodiesel/biokerosene.

Jatropha plantations in Mother Earth Plantations are on marginal wasteland causing no deforestation, and encouraging limited water use, early cash flow, long soil life span (30 – 50 years), as well as soil refertilisation. With proper care, jatropha can grow almost anywhere including deserts, trash dumps, and rock piles.

First generation biofuels were derived from agricultural products. Agricultural land, however, should be reserved to produce food. Second generation biofuels now derive from eucalyptus, algae, jatropha, and seed hybrids. Jatropha curcas is capable of yielding around nine metric tonnes of seeds per hectare depending on rainfall, distance from the equator, and soil quality. Its biodiesel extraction rate varies between three to four metric tonnes of oil per hectare. Mr. Jansen observed that Mercedes diesel cars tested with jatropha dubbed it the “magic plant” and recently, three major airlines (Air New Zealand, JAL, and Continental) performed test flights using normal fossil fuel kerosene versus a mix of biofuels.

Jatropha as a toxic plant is also used in research. Results have yielded curcin, tested in aids and cancer research. Mr. Jansen's work with the University of Xichuan in Chengdu involves 50 PhD holders focusing only on jatropha as a potential cancer cure (as well as an anti-aging cream). Moreover, in Hainan, research is conducted using 180 seeds in a gembank to produce the most optimum form of jatropha.

Mr. Roland Jansen addressing a question from the floor.

Jatropha, Mr. Jansen added, is capable of producing its own biofertiliser and given the enormous investment in research now being promulgated, development in jatropha will propel enormously in the coming years. The tree also aids in intercropping and food security. Where only one crop is planted on a piece of agricultural land, quality degradation of that land will occur. Crops, therefore, must be interchanged. The alternate planting of jatropha and peanuts in marginal lands, for example, will allow jatropha to facilitate the fertilisation of the land for subsequent peanut plantation. Mother Earth Plantations, Mr. Jansen stated, is in West Timor (Indonesia's second poorest island) working with the local government to develop one million hectares of land via intercropping to help the local farmers. He concluded that whereas the twentieth century revolved around high technology, the twenty-first century is focused on socially responsible investing and clean renewable energy.

It was pointed out in discussion, however, that the issue of jatropha in Indonesia has become a political rather than scientific one and jatropha as an alternative energy source is attractive only if the price of oil is above USD40 per barrel. It was conceded that jatropha is still in its embryonic stage and an ecologically sensitive topic but organisations such as Greenpeace are consulted in research on it so that land quality is not degraded in the process.

There was also a plea for greater scientific collaboration using the huge financial resources available in the Muslim world. In particular, more needs to be done to balance the use of agricultural resources and products in increasing energy and food security. Examples were given of corn in the United States, cane in Brazil and cassava in Africa being appropriated for conversion into combustible sources of energy at the risk of reducing food supply. Securing energy and food, it was cautioned, cannot be a zero-sum game. Money spent to extract combustible products from edible resources could instead be better put to use for research and development in wave, wind, thermal, and volcanic energies. The issue of food versus energy security, however, should be placed in perspective. In 2008, half-a-million tonnes of 70 million tonnes of palm oil were produced for biodiesel. This, it was countered, surely could not have been the cause of the spike in food prices. It was further reiterated that with one hectare of palm oil yielding five tonnes of oil compared to one hectare of soybean producing only half a tonne of oil, the potential for energy extraction from palm oil still remains enormous without detriment to food security.

Arguments notwithstanding, it was summarised that more immediate action is needed for the short- to medium-term. The oil and gas, and coal industries have had a 100-year headstart in energy production and the world cannot afford to wait for other energy industries to catch-up. What is needed now is a global agreement on carbon dioxide that will enable renewable resources to compete and government funding for their research and development.

ROLE OF BUSINESS IN ENSURING A SUSTAINABLE ENVIRONMENT FOR FUTURE GENERATION

Mr. Gita Wirjawan, Co-Chairman of Ancora Capital Indonesia, moderator of the Special Luncheon Address.

Moderated by **MR. GITA WIRJAWAN, CO-CHAIRMAN OF ANCORA CAPITAL** the Session featured Keynote Speaker **TAN SRI AHMAD TAJUDDIN ALI, CHAIRMAN, UEM GROUP MALAYSIA**

TAN SRI AHMAD HIGHLIGHTED THREE CURRENT CONCERNS OF GOVERNMENT-LINKED COMPANIES (GLCS) LIKE UEM: THE NEED TO MAINTAIN NATIONAL DIGNITY, MANAGING PUBLIC SENTIMENT AND REMAINING COMPETITIVE IN THE FACE OF INTERNATIONAL COMPETITION. THE CHALLENGES THAT FACE GLCS ARE GLOBAL AND MULTI-FACETED, AND THEY COMPRISE COMMUNITY DEVELOPMENT AND EDUCATION, MEDICAL AND HEALTHCARE PROVISION, FOOD AND ENERGY SECURITY AS WELL AS PROTECTING AGAINST ENVIRONMENTAL DEGRADATION.

Given the challenges and the increasing impact of global climate change, it is important for businesses to realise their role in environmental protection and in creating a sustainable living environment for future generations.

First of all, business communities must not contribute to environmental degradation – this means that the execution of their business plans must be done with due care and concern for the environment. This is particularly important for infrastructure-based companies such as UEM, but this sense of responsibility must extend across all business sectors and applies to all sizes and types of businesses.

Secondly, businesses must step in to stop further damage to the environment, either through a change in their policies or practices, or by extending their corporate social responsibility programmes to spread awareness and action on environmental degradation. Tan Sri Ahmad also urged businesses to seize the many new business opportunities that are emerging within the "green" sector and make caring for the environment part of their business strategy.

Tan Sri Ahmad pointed out that company reputation in matters related to the environment means a lot to international corporations such as UEM. Although the company seeks to make profit, it will not be at the expense of their market reputation nor their responsibility to the public at large, present and future. UEM is currently engaged in many international projects, and there are many risks involved given the drastically changing market conditions.

However, the company's overriding principle is to be a "Credible Partner" to governments and other corporations and as such, there are cases where the profit motive is suppressed to maintain UEM's international and national reputation. Tan Sri Ahmad informed the audience that UEM's current focus is on the Middle East and Asian region. In concluding his speech, Tan Sri Ahmad reminded the delegates that it is the duty of all to ensure protection and improvement of the environment for future generations.

(top) The panelists of the Special Luncheon Address on "Role of Business in Ensuring a Sustainable Environment for Future Generation".

(right) Delegates at the Special Luncheon Address listening intently to the dialogue on stage.

(bottom) Tan Sri Ahmad Tajuddin Ali, Chairman, UEM Group Malaysia, speaking at the podium during the Special Luncheon Address.

PLENARY SESSION 3
STEMMING THE TIDE OF THE GLOBAL FINANCIAL CRISIS

THERE IS, AFTER ALL, NO PURCHASE AND SALE OF DEBT IN ISLAMIC FINANCE AND HAD THIS PRINCIPLE BEEN FOLLOWED FROM THE VERY BEGINNING, THERE WOULD ARGUABLY HAVE BEEN NO SUB-PRIME MORTGAGE CRISIS.

Moderated by **SIR IQBAL SACRANIE, CHAIRMAN OF MCB CHARITABLE FOUNDATION AND CHAIRMAN OF MUSLIM AID, UK,** this session explored the causes and means to alleviate as well as rectify the ongoing global financial crisis.

H.E. DR. SRI MULYANI INDRAWATI, MINISTER OF FINANCE, REPUBLIC OF INDONESIA, spoke of the imperative to restore confidence in the markets and financial institutions globally, regionally, and nationally.

She observed that first, global action rather than a single fiscal stimulus package must be taken. It will be important to minimise the sharp decline in revenue resulting in a larger fiscal deficit for the whole economy. Questions arise, however, as to who will purchase new bonds and how much they will cost as even countries with good track records are finding it difficult to buy their bonds.

Second, monetary policy should consist of a combination of relaxing banking regulations and fiscal stimulus. Third, there needs to be a recognition of the factors leading to the crisis. With many financial institutions able to invest with excessive risk, risk management has become too complicated. The Minister recalled that excessive risk-taking was also the basis of the 1998 crisis. Shariah banking can provide a solution by checking such excesses. Shariah bonds and banking have developed greatly in the last few years although they are still no match for conventional instruments.
At the regional level, ASEAN in 1998 acknowledged the need for regional cooperation and instruments in dealing with a financial crisis thus giving birth to the Chiang Mai Initiative. The Initiative provides for mobilisation of liquidity support in an emergency. Cooperation surrounding this Initiative has since been expanded multilaterally to include the ASEAN Plus Three.

At the global level, the IMF must play a role in understanding what went wrong and identifying whether a global bank or a global currency is needed. Indonesia, Minister Sri Mulyani asserted, is an active participant of the G20 and can share its experience in the 1998 crisis with Europe today. There is no guarantee of another crisis not happening but an effort must be made to ensure that a crisis of this magnitude is not repeated.

The failure of banks in setting the price of failed assets is a debate that is being carried on from a decade ago. The only difference is that it is now happening in the West. It is unfair that the government has to bail out collapsed private banks as a result of their excessive risk-taking. Even worse is that taxpayers ultimately have to shoulder the cost of the failure of the financial system.

Observing that the real sector that provides for the livelihood of a majority of the world's population is the financial sector, **MR. A. RIAWAN AMIN, PRESIDENT DIRECTOR, BANK MUAMALAT, INDONESIA,** asked whether Indonesia and Malaysia had not in fact been following a financial system that had nothing to do with them for the past five years. The current financial crisis, he noted, is the same as the one in 1998 that began in Asia and witnessed the depreciation of the rupiah. Although it is Wall Street that has crashed this time around, the Indonesian rupiah still depreciated. Poverty and lack of education in Indonesia has been blamed for this but in truth, it is the financial system that brought this about and a new financial architecture must be found. In the United States, USD700billion will now be poured into the banking sector to alleviate the crisis. The Federal Reserve will print this money but the price of this will be paid by everyone. Mr. Riawan reiterated the need for a new financial architecture stating that if done correctly with full effort and commitment, Islamic finance could be a way to mitigate the risks of the global financial crisis. There is, after all, no purchase and sale of debt in Islamic finance and had this principle been followed from the very beginning, there would arguably have been no sub-prime mortgage crisis. Mr. Riawan pleaded for the conference to "find our kiblat" in finance where a just, interest- and derivatives-free system is available for everyone.

MR. IQBAL KHAN, CEO, FAJR CAPITAL, UNITED KINGDOM, remarked that a faith-based perspective to finance has existed since the 1980s and mentioned, Paul Mill's PhD dissertation at Cambridge in the 1980s entitled "Interest in the monotheistic faiths". The area of Islamic finance has since grown to such an extent that the market capital of Al-Rajhi Bank is two-and-a-half times bigger than Citigroup's now. Touching on the evolution of debt leading to the current state of affairs, he explained that between 1945 and 1971, the economy was stable. In 1971, however, President Nixon unilaterally did away with the Bretton-Woods arrangement and the gold standard. At the time, France was owed money by the USA but as Nixon was advised there was no more gold at Fort Knox, the USA effectively issued France an IOU in the form of treasury papers. Since then, these have been nothing but unsecured IOUs.

As a medium-term strategy which will reap long-term benefits, banks can allocate 10 to 15 percent of its business to microfinance, 15 to 20 percent to venture capital, 20 to 25 percent to small and medium enterprises and 25 to 30 percent to building physical and educational infrastructure because a country's capital lies in its universities, roads, and telecommunications, among other things.

Mr. Khan emphasised the need for responsible banks because bail-outs, paid for through taxpayer money, incur heavy costs for the public. There is thus a case for "narrow banking". Efforts must be made to restructure the debt system by converting debt to equity through Acts of Parliament. There is no incentive for an individual to pay in installments because of the depression in real estate prices and a debt for equity swap should be instituted to stem falling house prices around the world.

He noted that Turkey, Indonesia, and Saudi Arabia are part of the G20 and Saudi Arabia will firmly make the case for a values-based financial system based on justice. He concluded that what is needed now is both a think-tank and a do-tank in order to have a demonstrative effect on the financial system.

Commenting on the evolution of Islamic finance having been sparked as an alternative to conventional banking, **DATUK MOHAMED AZAHARI KAMIL, CEO, ASIAN FINANCE BANK,** explained

Mr. Iqbal Khan, CEO of Fajr Capital listening to questions from the floor during his plenary session.

Mr. A Riawan Amin, President Director, Bank Muamalat Indonesia on stage.

(From L to R) Mr. Michael P. Lee, CEO & Member of the Board, Ithmaar Bank Bahrain, Datuk Mohamed Azahari Kamil, CEO of Asian Finance Bank, Dr. Sri Mulyani Indrawati, Minister of Finance Indonesia, and Sir Iqbal Sacranie, Chairman of the MCB Charitable Foundation.

Mr. Mohammad Faiz Azmi, Partner and Global Islamic Finance Leader, PricewaterhouseCoopers addressing the crowd.

Dr. Sri Mulyani Indrawati, Minister of Finance Indonesia on stage.

that when conventional banks started 300 to 400 years ago, they started with options, before moving on to swaps, portfolio insurance, and credit default swaps. The Basel II Accords addressed securitisation as a means of funding as an off-balance sheet instrument.

Joking that Harvard Business School should perhaps offer greed management as part of their MBAs, Datuk Mohamed Azahari identified failure as stemming from greed and fraud. He asserted that conventional banking has not been a total failure and cautioned that in advancing Islamic finance as an alternative model, it should be borne in mind that it only started 30 years ago and has not been tested in crisis.

The principles of Islamic financing – equality, discipline, equitable distribution of wealth – form an exemplary base but Islamic banking is not a circumcision of the conventional. Rather, it is something that can be provided with speed, care and understanding for a win-win situation. After all, Islamic banking emphasises on caring for its clients, over and above other considerations.

In looking forward, perhaps it would be more appropriate to talk about the deglobalisation of Islamic finance as a niche market. What is needed are regulators and administrators who are practitioners, not theorists to advance the field. In closing, Datuk Mohamed Azahari reminded that the conventional banking infrastructure has provided the basis for Islamic banking, and due recognition and appreciation should be accorded to this fact.

MR. MOHAMMAD FAIZ AZMI, PARTNER AND GLOBAL ISLAMIC FINANCE LEADER, PWC, summed up the reasons for the current financial crisis in the acronym GUN (greed, unregulated, and non-transparent). He suggested there is already the onset of a new world in the financial services. First, there is now a capital, credit and liquidity vacuum. Second, there is a return to classic banking principles. He noted that Islamic finance already reflects this to some extent. Third, there is the promise of "never again" revisiting this crisis which may result in regulatory overkill. Fourth, there is the question of how to motivate and collaborate with rising powers. Fifth, unprecedented fiscal pressure raises the question of who will be paying for the crisis. Banks will eventually have to pay through taxes. Sixth, there is the phenomenon of "government inside the tent" in the form of government-linked companies. Even big banks may be government-owned and profit motivations may change because of the persuasion to look domestically and in different directions. Finally, there is more strategic foresight with a harmonisation, consolidation, and development of products between cash and loans.

IT IS NOT THE SHARIAH LABEL THAT MATTERS BUT THE APPLICATION OF THE ACTUAL PRINCIPLES OF HUMANITY, HUMILITY, GOVERNANCE, PRUDENCE, ACCOUNTABILITY AND TRANSPARENCY THAT SHOULD DRIVE TRANSACTIONS.

MR. MICHAEL P. LEE, CEO & MEMBER OF THE BOARD, ITHMAAR BANK, BAHRAIN, posed the question of whether debt trading was a major factor of the current financial crisis. The assumption is that it was and that bonuses to traders fueled this problem. Mr. Lee stated his strong belief in the future of Islamic finance because of its underlying ethical principles and emphasised the need to go back to basics in crises such as this. He observed further that the ethical principles behind Islamic banking are valid with a future beyond just Islamic countries. In the interest of financial market efficiency, however, it will be necessary for Islamic finance to offer capital market products for it to come of age. A contemporary example is the sukuk in its early stage of life.

Traders, he pointed out, were not the problem, per se. Rather, they were a manifestation of diving prices. Ultimately, it does not matter what regulations there are in place if the management is not implementing them. The risk managers in this crisis were either asleep or overruled in the banking system but it is not so much about the regulation of the process as it is whether the process itself is effective. It is, therefore, not a question of establishing new regulations but of instilling a new culture among traders and bank executives.

In asking what the big difference is with Islamic finance, Mr. Lee noted that conventional banks are looking to Islamic finance but they are used to taking a long-term view of credit extension. Islamic finance benefited from the participation of Western conventional banks though not anymore because of a lack of available capital in the latter. Some Islamic banks supported Western conventional banks at the beginning of the crisis but it makes more sense to put more capital in Islamic financial institutions.

During the discussion, it was underscored that as a matter of basic principle, Islamic finance should be supported by real transactions. With increasingly sophisticated instruments and investment banks, however, there is a tendency to lose track of the basic principle of risk underpinned by actual transaction. When these two cannot be linked, an unrealistic value will result. Islamic instruments can be sold by regular banks so that a convergence is possible. However, shariah-labelled products will not necessarily be safe because they can be just as recklessly implemented by banks. This is especially reflected in the ongoing debate in Muslims countries which question whether sophisticated instruments like derivatives being developed in Islamic finance will not effectively render the same instruments – and risks – in conventional banks. Thus it is not the shariah label that matters but the application of the actual principles of humanity, humility, governance, prudence, accountability and transparency that should drive transactions.

A rating agency, it was pointed out consists of individuals like investment bankers who may issue AAA ratings based on the reputation of banks rather than a comprehensive understanding of the risks involved. Reform, therefore, must be related to risk assessment especially when the example of Indonesia is taken into consideration. With 230 million people, gold, silver and a wealth of other natural resources, how, it was asked, was it tenable for Indonesia to be rated lower than sub-prime mortgages?

It was pointed out that the CEOs and investment bankers' salaries may need to be regulated because when they make mistakes, the bill goes to the Ministry of Finance.

PLENARY SESSION 4
GLOBAL SMES: BUSINESS BEYOND BOUNDARIES

The session was moderated by
DR. IR. B. S. KUSMULJONO, CHAIRMAN, NATIONAL COMMITTEE FOR INDONESIA MICRO FINANCE.

DATUK IR MOHAMED AL AMIN HJ ABDUL MAJID, CHAIRMAN, SMALL AND MEDIUM ENTERPRISES CENTRAL COORDINATING AGENCY, MALAYSIA SAID THAT IN MALAYSIA, SMES COMPRISE 99.2% OF TOTAL BUSINESS ESTABLISHMENTS, CREATES 56.7% EMPLOYMENT AND CONTRIBUTE 19% TO TOTAL EXPORTS. TO DRIVE THE SME SECTOR, THE MALAYSIAN GOVERNMENT CREATED SMIDEC (SMALL MEDIUM INDUSTRIES DEVELOPMENT CORPORATION) UNDER THE AMBIT OF THE MINISTRY OF TRADE AND INDUSTRY (MITI). THE OBJECTIVES OF SMIDEC ARE TO DEVELOP, NURTURE, PROMOTE AND ENHANCE SMES LOCALLY AND INTERNATIONALLY.

Since the establishment of SMIDEC, more than 22,000 grant applications have been received. Over the past 12 – 13 years of SMIDEC's inception, the government spent USD400 million to support SMEs in Malaysia. Apart from SMIDEC, there are about 60 other agencies and 15 – 16 Ministries supporting SMEs. The government also created the SME Council, chaired by the Prime Minister with a coordinating role held by Bank Negara Malaysia. In the future, the government will hand this role to a new entity – SME Corp, which will be functional in mid-2009.

Datuk ir. Mohamed urged SMEs to increase capacity and capabilities as well as utilise relevant and up to date technology.

The moderator then commented that SMEs were the heroes of Indonesia ten years ago as they did not borrow in US dollars. Thus, Dr. Kusmuljono said governments may be better off investing in the SME sector rather than bailing out big banks.

MDM. OLIVE ZAITOUN KIGONGO, CHAIRMAN, UGANDA NATIONAL CHAMBER OF COMMERCE AND INDUSTRY, said that every country has its own definition of SMEs. In Uganda, the Uganda National Chamber of Commerce and Industry (UNCCI) membership includes the SMEs, as there is no specific institution for SMEs in Uganda, unlike in Malaysia. Uganda's business economy is made up of 90% SMEs but there are no specific grants to support the sector. In Uganda, SMEs have funding problems because of the lack of technical know-how as well as limited exposure on how to add value to businesses.

SMEs are supposed to be the engine of growth and hence Mdm Kigongo called for more government support. As Uganda is a member of the OIC, the OIC members should support each other through technical transfers and finance.

5TH WORLD ISLAMIC ECONOMIC FORUM

Mr. Ibrahim Fawaz Abdelnour, Deputy Director, Investment Operation Department, Islamic Corporation for the Development of the Private Sector (ICD) Saudi Arabia.

Dr. Ir. B. S. Kusmuljono, Chairman, National Committee for Indonesia Micro Finance.

Datuk Ir. Mohamed Al Amin Hj. Abdul Majid, Chairman, Small and Medium Enterprises Central Coordinating Agency, Malaysia.

MR. ABDUL VAKHID NIYAZOV, PRESIDENT, ISLAMIC CULTURAL CENTRE, RUSSIA, began his presentation by introducing Russia as one of the many countries in the world that has a big role to play in the global financial architecture. 2008 data shows that more than 30% of business players in Russia are Muslims. In 2008, Russia's GDP growth was 5.6% with GDP per capita at USD12.60, below Libya and above Turkey.

There are states working to strengthen SMEs, Mr. Abdul Vakhid said, especially those with Muslim populations. At present, the Muslim population is spread out and amount to approximately 9% in Russia. A majority of the Muslim population in Russia reside in the St. Petersburg area, which houses 15% of Muslims in Russia.

Small and medium enterprises are within the development framework of government, almost all in the wholesale and retail industry. To revitalise SMEs, the Russian government is keen to increase SMEs in services as well as businesses in the IT and healthcare sector.

The economic crisis has affected the SME sector last year. Mr. Abdul Vakhid also stated that SME development is one of Russia's priorities. Regulations concerning the strengthening of regional regulations to promote the growth of SMEs are being addressed. At present, there are 240 business incubators and agencies promoting SMEs as well as states working to strengthen the SME industry. 50,000 new businesses are created every year. Mr. Abdul Vakhid Niyazov said Islamic banks based on shariah principles are needed for the SME sector. In view of this, the Russian government has undertaken various efforts to create new paths for the Islamic-based system with a plan to create Russia's first domestic Islamic Bank.

The global financial crisis has demonstrated that the current system based on profits entirely is no longer workable. Muslims have to play a more active role to provide mutual assistance in the economic sector, technology sector, and others. Muslim entrepreneurs in Russia are keen to form partnerships especially with businesses in Indonesia and Malaysia.

TO FACILITATE SME GROWTH, MR. IBRAHIM SAYS IT IS IMPORTANT TO CREATE A COMPETITIVE ENVIRONMENT, REDUCE RED TAPE, IMPROVE ICT INFRASTRUCTURE AND PRODUCE INCUBATORS AND TECHNOLOGY TRANSFER. IT IS ALSO IMPORTANT TO ENSURE TAX TREATMENTS ARE FAIR AND FAVOURABLE TO SME, IMPROVE ADVISORY AND TRAINING FACILITIES FOR SMES, PROVIDE GUARANTEE SCHEMES TO ENCOURAGE SME FINANCING AND CREATE AN EXPORT MARKETING FUND TO HELP SMES.

Line-up of the panelists of the session on "Global SMEs: Business Beyond Boundaries". (From L to R) Mr. Abdul Vakhid Niyazov, President, Islamic Cultural Centre, Russian Federation, Mdm Olive Zaitoun Kigongo, Chairman, Uganda National Chamber of Commerce and Industry, Datuk Ir. Mohamed Al Amin Hj. Abdul Majid and Mr. Ibrahim Fawaz Abdelnour.

The fourth panelist, **MR. IBRAHIM FAWAZ ABDELNOUR, DEPUTY DIRECTOR, INVESTMENT OPERATION DEPT, ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR (ICD), SAUDI ARABIA,** explained that SMEs are facing problems. in obtaining financing from banks. The Islamic Corporation for the Development of the Private Sector (ICD) helps SMEs in medium-term financing in 11 countries. Mr. Ibrahim outlined the challenges that SMEs face: limited capital, limited management expertise, poor access to information, inferior technology leading to low international competitiveness, strong competition in domestic markets from international competition, and low exposure and usage of the latest technologies.

In OECD nations, 90% of companies are SMEs; in ICD's client countries , the rate is 80%.

To facilitate SME growth, Mr. Ibrahim says it is important to create a competitive environment, reduce red tape, improve ICT infrastructure and produce incubators and technology transfer. It is also important to ensure tax treatments are fair and favourable to SMEs, improve advisory and training facilities for SMEs, provide guarantee schemes to encourage SME financing and create an export marketing fund to help SMEs.

QUESTION AND ANSWER SESSION

A delegate from the UK shared on SME initiatives in the UK where there are grants available to SMEs for website development and marketing costs. There are also Small Firm Loan Guarantees where banks guarantee 70% of loans up to GBP250,000. Support networks for small businesses for import and export industry are also present.

Another delegate remarked that the incubator system adopted from the West for SMEs has not had favourable outcomes due to different environments; the Western economies are more mature. Malaysia has made positive steps in the SME sector by modifying the Western models. In Malaysia, SMEs that are encouraged are in the export sector. The delegate asked whether there are other examples of the Western model not bringing in the desired results.

Mdm Olive said that Uganda does not have any model based on East or West for SMEs. In Uganda, there are no specific associations for Small Medium Enterprises and there are no proper mechanisms as well as tools to assist the SME sector. The sector is still in its infancy.

Mr. Abdul Vakhid remarked that assistance from the government is still lacking and SMEs are inexperienced. A lot of SMEs partner with other businesses in neighbouring states as well as in other countries.

On the question of Islamic banking in Russia, Mr. Vakhid said there are no Islamic institutions that can support Muslim SMEs at this time but there is serious intent to establish one in Russia by 2011 and talks are being conducted with Bahrain. There will also be a conference on Islamic banking in Russia two weeks from the date of the WIEF to discuss methods and mechanisms suitable for Russia. Mr. Vakhid said that Kazakhstan is a close partner of Russia. A delegate from Kazakhstan added that although Kazakhstan has issued a new Islamic Banking law, there is no Islamic Bank in the country, and Muslim businesses that refuse to take credit on religious grounds are suffering.

There was a question from another delegate on whether ICD laid off any staff in the economic crisis, to which Mr. Ibrahim Fawaz said ICD and its clients have not been affected by the crisis. There are 72 employees at the institution handling SME issues in 45 countries, so instead of a contraction, ICD is now in expansion mode.

The moderator concluded the session by stating that Islamic banking will go hand in hand in promoting the SME sector. In Indonesia, SMEs have been a saviour for the entire economy and the government is currently providing assistance to SMEs in terms of marketing and capital.

CONCLUDING SESSION AND DINNER

CONVEYING THE GREETINGS OF THE RT. HON. PRESIDENT YOWERI KAGUTA MUSEVENI OF UGANDA, THE RT. HON. A. M. KIRUNDA KIVEJINJA, THIRD DEPUTY PRIME MINISTER ALSO RELAYED THE PRESIDENT'S APOLOGY FOR NOT BEING ABLE TO ATTEND AT THE LAST MINUTE DUE TO STATE DUTIES. MR. KIVENJINJA DELIVERED HIS KEYNOTE SPEECH IN HIS STEAD.

The Rt. Hon. A.M. Kirunda Kivejinja, Third Deputy Prime Minister of Uganda speaking to the vast crowd

Speaking on the global food and energy situation, the President noted people need not only enough food but also improved nutrition. With food such as maize, rice, and soya bean converted into biofuels in response to the energy shortage, the food crisis has gone beyond the family table and turned into a global concern.

Hunger is the most extreme manifestation of poverty and human deprivation. It is also an infringement on the most basic human right. Sub-Saharan Africa records the highest percentage of under-nourished population (34 percent) and while regular trends indicate that East Asia and Latin America are on track to meet the Millennium Development Goal of "healthy" by 2015, sub-Saharan Africa is falling well short of that goal.

It is important, however, to appreciate the issue contributing to food insecurity in Africa with a view to addressing them. The agricultural workforce in Africa is illiterate and excessive land fragmentation occurs on account of irrational inheritance practices, rendering land unviable for production of local crops like maize and cotton. Agricultural research – a *sine qua non* of modern agricultural production – is at a minimum, and natural hazards such as floods, droughts, wildfires and hailstorms, affect production. Family problems, such as sickness and deaths of productive adolescents because of HIV-related causes, also impact on production since labour is manual-intensive. Lack of cost-effective transport, environmental degradation due to primitive farming methods, and the minimal water used for irrigation in sub-Saharan Africa (4 percent compared to 78 percent in East and Southeast Asia) all contribute to food insecurity there. Additional factors are vermin and pestilence, small-holder subsistence agriculture forming the biggest percentage of agriculture in Africa, and the lack of agricultural processing. External factors include protectionism in Western Europe, Japan, the United States, India and China against African agricultural products and lack of markets.

Hunger and poverty are intrinsically linked and eradicating them is the main priority of the Millennium Development Goals. There must therefore be a clear focus in establishing linkages between producing, storing, transporting, and processing of agricultural products by adding value to them instead of selling them in raw material form. Marketing nationally, regionally and internationally completes the sequence. It is the failure of creating these linkages that has predominantly contributing to the perpetuation of hunger and poverty.

The most strategic stimulus factor is the market. It is important for developing countries to learn to integrate agriculture with industry. Focus must be paid to three elements: production, processing, and marketing to assure employment, food security, foreign exchange, and tax revenue. This calls for the empowerment of the peasant population with the aim of enabling them not only to produce enough for subsistence but also a surplus for commercial purposes. There cannot be food security when there is income insecurity.

Delegates at the Concluding Session of the 5th WIEF.

Modern agriculture requires capital and technology. For this, more local and foreign investors are needed to help produce enough food of the right quality for domestic consumption and the export market. However, the main motivation to investors is the market and market access is the main stimulus for sustainable production. The Ugandan President appealed to the country's developing partners to help level the playing field in the global market. Having overcome slavery and colonialism, he noted that Africa's failure to access external lucrative markets and only exporting raw materials constitute a new form of slavery.

Energy, in general, poses a dilemma to sustainable development. While it is necessary for economic and social development, it is also a major cause of environmental degradation, especially with regard to the atmosphere. Despite the increase in demand for energy for commercial purposes, 2 billion people in the world remain without access to modern energy. This is a major challenge for those committed to sustainable development. Improving energy access is crucial to poverty eradication, which in itself contributes to environmental degradation and exploitation.

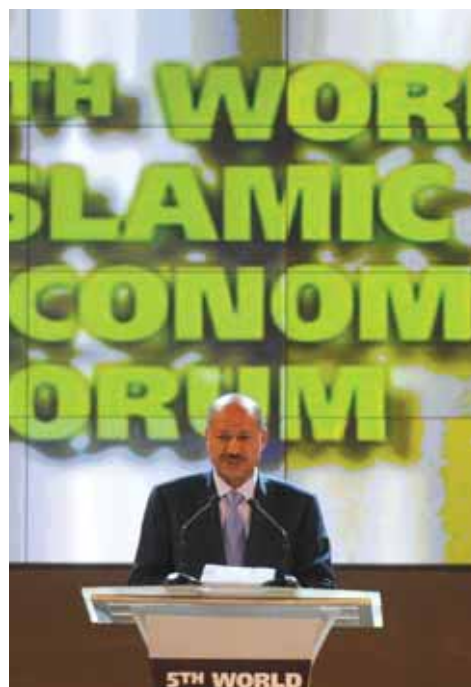
Electric energy is a very good source because of its very high potential, while the potential for hydro power on the African continent is vast given that less than 5 percent of it is being utilized. It is estimated that the Congo River, for example, accounts for nearly 30 percent of Africa's surface water reserves and has the largest hydro potential in the world. It would be able to generate sufficient energy supply for all of Africa with surplus for export.

These and other clean sources of energy such as solar, wind, geo-thermal, and biomass must be looked into. The production of bio-energy is garnering more attention as a feasible way of reducing dependence on foreign oil and gas, improving livelihoods by promoting employment, and reducing poverty as well as carbon emissions. The President cautioned against interfering with food production and security in seeking to assure energy security.

Energy technologies are inevitably linked with food security in the developing world. Better energy technologies will enable the harnessing of better resources, thereby enhancing the capacity to process, preserve and store food better. He urged Uganda's development partners to look into widening these areas collaboratively.

Uganda has high prospects in oil exploration and an extremely promising future in oil production. It now boasts a full-fledged Department of Petroleum Exploration and Production equipped with survey equipment, computers, and modern petroleum laboratories. The government is working at increasing household incomes and zoning for right enterprise selection. This will increase people's income and with the right policies, enhance food security, as well.

Mr. Kivejinja observed that the 5th World Islamic Economic Forum had considered and harmonised various positions on energy and food security.

The **DEPUTY PRIME MINISTER OF YEMEN, H.E. DR. RASHAD AL ALIMI,** stressed upon the fact that the prevailing discussion of the Forum closely reflects what the Muslim

H.E. Dr. Rashad Al Alimi, Deputy Prime Minister of Yemen during the Concluding Session

H.E. Irman Gusman, Vice Chairman, House of Regional Representatives Indonesia on the projection screen.

countries are vying for in terms of forging greater collaboration in the Muslim world. He emphasised that economic cooperation between Muslim nations and communities is one of the most important objectives of the Ummah, and the onus is on the Muslim leaders to help us realise this. This could be done through governmental effort and by investing in the private sector by providing the much needed help and support. The discussion thus far has been proof of the seriousness of the Muslim countries in working together for the common good.

On behalf of the Republic of Yemen, Dr. Rashad Al Alimi would like to congratulate the Indonesian President as well as the WIEF Foundation for establishing a platform such as the 5th WIEF that is able to nurture a different level of cooperation, and this is the kind of cooperation mentioned by the Indonesian President that is crucial for us to survive the pressures of the current crisis, and by extension, to solve the problems of poverty and unemployment in the Muslim world.

H.E. IRMAN GUSMAN, VICE CHAIRMAN, THE HOUSE OF REGIONAL REPRESENTATIVES, INDONESIA / CHAIRMAN OF ADVISORY BOARD OF 5TH WIEF, expressed his hope that delegates had found this WIEF useful and remarked on the many notable messages that could be taken away for next year's event. He also hoped that the post-forum programme would add to the existing key messages and further strengthen business networking. He explained that the 5th WIEF Jakarta Declaration was drafted by the WIEF International Advisory Panel and Secretariat. The Declaration is based on the presentations and discussions during the Forum and carries a series of measures to the Organisation of the Islamic Conference and its member governments. It stands as a record of the achievements and actionable commitment of the WIEF. (He then read the text of the 5th WIEF Jakarta Declaration).

Offering a vote of thanks, **HON. TUN MUSA HITAM, CHAIRMAN, WIEF,** observed that the time had come to mark the end of the 5th WIEF after four days of intensive work and discussions. He expressed his happiness, shared also by members of the WIEF International Advisory Panel, at the tremendous success of the Forum in terms of attendance, hospitality, and organisation.

There were also a few 'firsts' achieved in Jakarta. This Forum marked the first time that a sitting head of government had not only declared the conference open but remained to chair the presentation of others after the opening ceremony. Also, it was the first time that a Vice-President of the host country had opened the Young Leaders Forum and Businesswomen's Forum. Finally, it was the first time that a Vice-President of the host country had hosted a dinner for the delegates during the closing ceremony. The dinner was significant because the Vice-President also closed the 5th WIEF.

Tun Musa offered his most sincere appreciation to first, the government and people of Indonesia as gracious hosts of the Forum. He commended the Indonesian National Organising Committee of the Forum, in particular. Second, he thanked the Secretariat who managed to synchronise well with their Indonesian counterparts to pull off what is often not an easy collaboration between two teams from two different countries. He also appreciated the contribution of his fellow International Advisory Panel members who each offered guidance on the types of programmes to be undertaken by the WIEF. Tun Musa expressed confidence of the WIEF doing increasingly better for at least the next five years. He pointed out that although the WIEF started out having to explain itself as a kind of Davos, it distinguishes itself from being focused on bottom-up efforts rather than top-down, developed-country initiatives undertaken by other organisations. It is within this context that at almost every Forum, the WIEF tries to emphasise the role of small and medium enterprises (SMEs). He emphasised that the SMEs are where the future of the Islamic world lies even though it is not very glamorous and few people are interested. The WIEF also recognises first, the rather negative perception of the world towards Islam and second, that the Muslim ummah has been much neglected and looked-down upon.

Tun Musa underlined Mr. Irman's earlier mention of the Jakarta Declaration being in line with the WIEF's tradition of issuing declarations, rather than resolutions. Tun Musa explained that although the Declaration is nothing grandiose and in fact, sounds very small, it is better to start small and build upwards than start big then disappear. He ended by expressing his gratitude once again to all involved and reminded that dedication, hard work, and discipline are what it will take to improve the lives of those in the Islamic world.

Mr. Kivejinja took the stage once again, this time to invite everyone, on behalf of his President and country, to the first regional World Islamic Economic Forum in Uganda at a time to be agreed upon by the Secretariat.

HE Jusuf Kalla, Vice President of the Republic of Indonesia expressed his appreciation to everyone who had attended the Forum in Jakarta. He emphasised the importance of implementing the relevant ideas and initiatives arising from the four days of discussion and invited everyone to visit Indonesia again before bidding them a safe trip home. He then declared the Forum closed.

Tun Musa Hitam, Chairman, WIEF Foundation capping the night with an exhilarating speech at the Concluding Session.

H.E. Jusuf Kalla, Vice President of Indonesia, intently addressing the crowd.

5TH WORLD ISLAMIC ECONOMIC FORUM
POST FORUM

INDONESIA IN FOCUS: INVESTMENTS IN THE REGION

THE POST FORUM PROGRAMME THEMED "INDONESIA IN FOCUS: INVESTMENTS IN THE REGION" WHICH TOOK PLACE ON 4 MARCH 2009 AIMED TO INTRODUCE THE POTENTIAL INVESTMENT OPPORTUNITIES IN THE DIFFERENT REGIONS (PROVINCES) IN INDONESIA.

This event was officially opened by **MR. IRMAN GUSMAN, VICE PRESIDENT OF THE REGIONAL REPRESENTATIVES COUNCIL, REPUBLIC OF INDONESIA AND VICE CHAIRMAN OF THE INDONESIAN NATIONAL ORGANISING COMMITTEE FOR THE 5TH WIEF.** In his speech, Mr. Gusman strongly stated that this Post Forum Programme is aimed to introduce investment opportunities in the region to the public and private sector; discuss the issue of risk management for private investors; increase the efficiency of public services in these regions; and increase government praticipation to create effective and conducive investment policies. The Post Forum Programme consist of a Plenary Session, Parallel Sessions, One on One Meeting and City Tours.

In the Plenary Session, in his speech entitled "Potential, Opportunity and Regional Investment Policies in Indonesia", **MR. MOHAMAD LUTFI, CHAIRMAN OF THE INDONESIA INVESTMENT COORDINATING BOARD (BKPM),** stated that Indonesia's national investment target for the period of 2004 – 2009 is 6.6%. To achieve that goal, Indonesia requires USD426billion worth of investment, USD68.43billion (17%) of which would be derived from the government, and the remaining USD358billion is expected to come from the contribution of private investors. These investments are expected to absorb 5.5% of the local workforce, especially from the 17 million people who constitute the poor in Indonesia. To reach this goal, it demands a change in the mindset on investment policies towards the country that takes into account business, growth, labour development, and the poor population.

MR. JERO WACIK, MINISTER OF CULTURE AND TOURISM INDONESIA, in his speech entitled "Indonesian Tourism: The Most Varied Destination Anywhere and The Most Varied Opportunities Anywhere" affirmed that the basis of development in the tourism industry of Indonesia should focus on growth, labour development, the poor population, technology, environment, conservation, and the country's nation-building policy.

In his speech entitled "Potential and Opportunity of Shariah Banking in Indonesia", **MR. BOEDIONO, GOVERNOR OF BANK INDONESIA,** stated that the shariah industry has a total asset of Rp50trillion (USD4.2billion) or 2.1% of total asset banking in Indonesia. The amount of financing provided by the shariah industry has grown from Rp5.5trillion (USD458million) in 2003 to Rp28trillion (USD2.3billion) in 2007 and Rp38trillion (USD3.2billion) in 2008. With significant positive developments in the legal framework governing Islamic finance in the country, in particular Bank Indonesia's full support to develop shariah banking and finance in Indonesia, the industry can only become stronger.

The Parallel Sessions consist of expositions on potential regional investment opportunities by the respective governors based on four classified group sectors which are Oil and Gas, Mining and Infrastructure, Agriculture, Tourism and Finance. This event was participated by 13 provinces; West Sumatera, South Sumatera, Banten, West Java, East Java, East Kalimantan, North Sulawesi Province, Central Sulawesi, South Sulawesi, South East Sulawesi, Bali, West Nusa Tenggara and Papua.
Based on the data compiled by the General Secretary of the Regional Representatives Council of the Republic of Indonesia, there are 89 potential investments offered to investors and business professionals at the 5th WIEF. These potential investments are divided into four sectors. Oil and Gas, Mining and Infrastructure: 49 projects; Agriculture: 29 projects; Tourism: nine projects and Finance: two projects.

Regional investment opportunities were divided into four sessions based on sectorial groupings.

The first grouping is Oil, Gas, Mining and Infrastructure, with the moderator being **MR. SANDIAGA UNO, CEO SARATOGA CAPITAL.** In this session seven governors, the Governor of East Kalimantan, Banten Governor, Riau Islands, East Java, South Sumatera, West Java, and North Sulawesi, presented investment opportunities in their respective regions.

The second grouping is Agriculture, with the moderator being **DR. IR. MUSLIMIN NASUTION, CHAIRMAN, INDONESIAN ASSOCIATION OF MUSLIM INTELLECTUALS**. In this session, seven Governors, the Governor of West Java, East Java, South Sumatera, South East Sulawesi, South Sulawesi, Central

Sulawesi and Papua; present the exposition of their regional potential investment.

The third grouping is Tourism with the moderator being **DR. HERMAWAN KERTAJAYA, PRESIDENT, MARKPLUS & CO.** In this session, 5 Provinces including Central Sulawesi, South Sulawesi, Riau Islands, Banten and West Sumatera presented the exposition of their regional potential investment.

The fourth grouping is Finance with the moderator being **PROF DR. HIDAYAT SYARIF, HEA OF THE FACULTY SENATE, BOGOR AGRI INSTITUTE.** In this session, 5 Governors including the Governor of West Java, East Java, West Sumatera, West Nusa Tenggara and DKI Jakarta present the exposition of their regional potential investment.

The "One on one meeting" was held after the exposition of regional potential investment by the Governors. This event was designed to facilitate the investors to meet and have business meetings with the representatives of the regional governments. Based on the monitoring results of this event, 14 projects have received positive responses from investors. These are six projects in West Java; two projects in East Kalimantan; two in South Sumatera; two in South East Sulawesi; one project in Banten and one project in North Sulawesi.

At the final session of the Post Forum Programme, the General Secretary of Regional Representatives Council Republic of Indonesia together with the Department of Agriculture facilitated the investors from Saudi Arabia to do field visits to the Research Institute for Paddy Crops; PT Sang Hyang Seri Sukamandi and PT Alam Makmur Sembada (Rice Mill). The monitoring of the developments in regional investment opportunities will be continuously carried out in the next few months as a follow-up for the 5th World Islamic Economic Forum.

PRE FORUM

8.00 - 9.00
Registration
Arrival Of Delegates , Guests And VIPs

9.00 - 10.00
JOINT OPENING CEREMONY OF WIEF YOUNG LEADERS FORUM & WIEF BUSINESSWOMEN FORUM

Venue:
- Quran Recital
- Welcoming Speech by Chairman, Indonesian National Organising Committee
- Speech by Mr. Erwin Aksa, Chairman,HIPMI
- Speech by Dato Sri Nazir Razak, Chairman, WIEF Young Leaders Network
- Speech by Ms. Rina Fahmi Idris, Chairman, IWAPI
- Speech by Dato Dr. Norraesah Mohamad, Chairman, WIEF Businesswomen Forum
- Speech by Tun Musa Hitam, Chairman, WIEF Foundation
- Opening Keynote Address by H.E. Jusuf Kalla, Vice President of the Republic of Indonesia

10.00 - 10.30
Refreshments / Informal Networking

WIEF YOUNG LEADERS FORUM

10.30 - 11.30
Plenary 1

THE LEADERSHIP IMPERATIVE: TOWARDS A GOOD SUCCESSION PLAN

With 1.5 billion people and a burgeoning youth population, succession planning is the most urgent and crucial agenda in the Muslim world. In the present context, there is a shortage of people in the workforce that can play their leadership roles effectively. This has led to a slowdown in innovation and development in various areas of the private sector and government. It is therefore an imperative for the Muslim world to address this issue accordingly.

- What is our vision for the next generation leadership?
- What are some of the best practices in leadership development for the public and private sector?
- How can we create a successful succession planning mechanism?

Panelists:
- Imam Feisal Abdul Rauf - Chairman, Cordoba Initiative
- Mr. Tanri Abeng - Chairman, Executive Centre for Global Leadership Indonesia
- Mr. Tarek Fatah - Founder, Muslim Canadian Congress
- Mr. Mohammed Amin - Vice Chairman, Conservative Muslim Forum UK

Moderator:
- Dato' Sri Nazir Razak - Chairman, WIEF Young Leaders Network (WYN)

11.30 - 12.30
Plenary 2

EMPLOYMENT IN THE 21ST CENTURY: UNDERSTANDING THE GLOBAL WORKPLACE

Employers all over the world, particularly the multinationals, have a certain set of standards that they require to employ professional workers. These standards cut across religion and culture. On the other side of the same spectrum, the global demand and supply chain operates on certain logic and a set of standards. Businesses that do not apply these standards often fail to grow beyond domestic markets.

- What is the logic of the global workplace?
- What is the 21st century global workplace seeking in its workforce?
- What is the core skills required and how does one acquire them?
- What standards do young entrepreneurs need to attain in order to penetrate international markets?

Panelists:
- Mr. Essa Al-Ghurair, Vice President, Al-Ghurair Investments, UAE
- Mr. Shakir Moin, Director, Sparkling Brand Portfolio , Coca-Cola Pacific Group, The Coca-Cola Company
- Mr. Engur Rutkay, Secretary General, Young Businessmen Association, Turkey (TUGIAD)

Moderator:
- Mr. Aditya Chandra Wardhana, Director, IndoPacific Edelman

12.30 - 14.00
Lunch & Prayers

14.00 - 15.00
Plenary 3

BANKING ON INTEGRITY: THE PROSPECTS OF ISLAMIC FINANCE IN A PLURAL SOCIETY

The world post-financial crisis is expected to witness a trend towards regulatory economics and a structural shift on investments from the western markets to other parts of the world. In a country

PRE FORUM

like Indonesia, such shifts lend greater credence to Islamic Banking as a credible alternative to the weakening global financial system.

- Can Islamic Banking give a new and higher moral dimension to the current global financial setting?
- What more is needed to accelerate its development especially in a plural society like Indonesia?
- How do we capitalise on this development?

Panelists:
- Mr. Badlisyah Abdul Ghani, Executive Director & Chief Executive Officer, CIMB Islamic Bank Berhad
- Mr. Aditya Chandra Wardhana, Director, IndoPacific Edelman
- Mr. Adiwarman Azwar Karim, President Director, Karim Business Consulting
- Mr. Gita Wirjawan, Co-Chairman of Ancora Capital
- Mr. Yuslam Fauzi, President Director, Bank Syariah Mandiri

Moderator:
- Mr. Rafe Haneef, Managing Director, Fajr Capital

15.00 - 16.00
Plenary 4

PLUGGING IDEAS INTO BUSINESS: CREATING INNOVATIVE INDUSTRIES

Business ideas often fall on deaf ears because of a serious lack of institutional support and receptivity in transforming these potentially promising ideas into reality. There is an urgent need to create a conducive environment where these ideas can flourish and supported to become full-fledged business proposals. This is crucial if the Muslim world is to transcend the conventional paths of industry into a new realm of creative industries, with huge potential to penetrate bigger markets and niche areas.

- How can the government foster innovative thinking in education and human resource development?
- How do governments go about creating public institutions that supports innovative ideas?
- How do we encourage the youth to forward their creative business ideas and what are the channels in which they can make themselves heard?

Panelists:
- Ms. Rabia Zargarpur, Fashion Designer of Award Winning Label "Rabia Z"
- Mr. Sandiaga Uno, Chief Executive Officer, Saratoga Capital
- Ms. Fatma Mahfudh, Managing Director, FM Magazine, UAE

Moderator:
- Mr. Asim Siddiqui, Founding Trustee of the City Circle, UK

16.00 - 16.30
JOINT CLOSING CEREMONY

- Concluding Address by Dato' Sri Nazir Razak, Chairman, WIEF Young Leaders Network (WYN)
- Concluding Remarks and Vote of thanks by Dato' Dr. Norraesah Mohamed, Chairman, WIEF Businesswomen Network
- Closing Address by Tun Musa Hitam, Chairman, WIEF Foundation

16.30
End Of Programme

WIEF BUSINESSWOMEN FORUM

10.30 - 11.30
Plenary 1

OPPORTUNITIES BEYOND BORDERS

There are vast trade and investment opportunities for women around the world today. However, they each come with their fair share of trade-offs between risk and benefit. This session will explore:

- Strategies for international joint ventures and strategic alliances and most beneficial business opportunities available for women entrepreneurs
- New financing models and role of financial institutions in stimulating business growth
- Overseas and Provision of gender friendly framework and structure to promote entrepreneurship

Panelists:
- Mr. Agus Tjahjana - Secretary General, Ministry of Industry Indonesia
- Ms. Evita Maryanti Tagor - Senior Vice President, Financing & Risk Management, PT Pertamina Indonesia
- Ms. Mary Schnack - International President, National Association of Women Business Owners USA
- Ms. Evelyn Mugai - President, All Africa Businesswomen's Association Kenya
- Ms. Jamelah Jamaluddin - Managing Director, RHB Islamic Bank Bhd Malaysia

PRE FORUM

Moderator:
- Ms. Desi Anwar, Senior Anchor, MetroTV Indonesia

11.30 - 12.30
Plenary 2

EVOLVING ROLE OF WOMEN IN BUSINESS

The role of women in business has evolved over time. In recent years, more women have been graduating from college than men, and more women are becoming successful entrepreneurs and are reaching top corporate tiers. This session will explore how to better leverage their support networks, improve their individual careers and benefit their organisations:

- Connecting business women regionally and globally through women's business and trade associations
- The need and advantage of cross border mentoring
- Women entrepreneurs as catalyst in economic development

Panelists:
- Ms. Betti Alisjahbana - President Director, IBM Asia Pacific Indonesia
- Dr. Amany Asfour - President, Egyptian Business Association
- Ms. Attiya Nawazish Ali - Assistant Secretary, Islamic Chamber of Commerce and Industry (ICCI)
- Her Excellency Fatima Hajaig - Deputy Minister of Foreign Affairs South Africa

Moderator:
- Ms. Tjut Sjahnaz Zahirsjah Rijadi - Head Law & Advocate, Indonesian Businesswomen Association (IWAPI)

12.30 - 13.30
Plenary 3

TRANSFORMING MARKET CHALLENGES INTO OPPORTUNITIES

Women entrepreneurs around the world face numerous challenges and obstacles to either commence operations or improve their business performance. The speakers in this session will share their thoughts and experience on some operational aspects:

- Developing innovative strategies to boost business performance
- The art of persuasion and leveraging our company with PR and marketing
- Managing corporate flexibility and building competitiveness

Panelists:
- Mr. Ian Buchanan, Senior Executive Adviser, Booz & Company
- Ms. Winny E Hassan - President, PT Bank DKI Indonesia
- Dr. Shaikha Al Maskari - Chairperson, Al Maskari Holdings UAE
- Ms. Noorizah Abd. Hamid - Managing Director, PLUS Malaysia

Moderator:
- Mr. Mahmoud Abushama - Head, HSBC Amanah Shariah Indonesia

13.30 - 15.00
Plenary 4

Lunch & Special Luncheon Address

"GROWING" THE NEXT GENERATION OF WOMEN ENTREPRENEURS: ENGAGING YOUNG WOMEN & GIRLS IN ENTREPRENEURSHIP

Panelists:
- Ms. Nurhayati Ali Assegaf - Member of Parliament of the Indonesian House of Representatives and Consultative Assembly
- Mdm Deborah Leary - Vice President, British Association of Women Entrepreneurs (BAWE)
- Tengku Rozidar Tengku Zainal Abidin - CEO, 1901 Malaysia.

Moderator:
- Mdm Zaitoun Olive Kigongo - Chairman, Uganda National Chamber of Commerce & Industry

15.15 - 15.40
Introductory Address by
- Ms. Rina Fahmi Idris, Chairman, IWAPI

Vote of Thanks by
- Dato Dr. Norraessah Mohamed, Chairman, WIEF Businesswomen Network

FORUM DAY 1

08.00 - 09.00
Registration
Arrival of Delegates, Guests and VIPs

09.00 - 11.00
OPENING CEREMONY

- Quran Recital
- Welcoming Speech by Mr. Sofyan A. Djalil, Co- Chairman, Indonesian National Organising Committee
- Speech by Tun Musa Hitam, Chairman, WIEF
- Opening Keynote Address by H.E. Dr. Susilo Bambang Yudhoyono, President, Republic of Indonesia

Special Addresses by:
- H.E. Tun Abdullah Ahmad Badawi, Former Prime Minister of Malaysia & Patron of WIEF Foundation
- H.E. Abbas El Fassi, Prime Minister, Kingdom of Morocco
- H.E. Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister, State of Qatar
- H.E. Abdul Kareem Al-Arhabi, Deputy Prime Minister, Republic of Yemen
- H.H. Sheikh Saud Bin Saqr Al Qasimi, Crown Prince and Deputy Ruler, Ras Al-Khaimah Emirate, UAE
- H.E. Prof. Dr. Ekmeleddin Ihsanoglu, Secretary-General of OIC

SIGNING OF MEMORANDUM OF AGREEMENTS (MOA)

11.00 - 11.30
Refreshments / Informal Networking

11.30 - 13.00
LEADERSHIP PANEL

INNOVATIVE SOLUTIONS TO GLOBAL CHALLENGES

Panelists:
- H.E. Dr. Ahmed Mohamed Ali, President, Islamic Development Bank
- H.E. Isaac Musumba, Minister of Foreign Affairs, Republic of Uganda
- H.E Rasheed Al Maraj, Governor, Central Bank, Kingdom of Bahrain

Moderator:
- Mr. Alwi Shihab, Former Foreign Minister, Republic of Indonesia

13.00 - 15.00
LUNCH & SPECIAL LUNCHEON Address

TRANSFORMING MEDIOCRITY INTO INTERNATIONAL SUCCESS HOSTED BY QATAR TELECOMS. (QTEL)

Speaker:
- Hon. Baroness Pauline Neville Jones, Shadow Security Minister & National Security Adviser, House of Lords, United Kingdom

Chair:
- Mr. Ebrahim Patel, Chairman, Minara Chamber of Commerce & Industry, South Africa

15.00 - 16.30
GLOBAL CEO PANEL

GLOBAL ECONOMIC AND BUSINESS SCENARIO FOR THE NEXT DECADE.

The global financial crisis resulted in banks collapsing overnight, national economies crumbling, massive layoff of workers in many countries across the globe, predominantly in those economies more exposed to the global financial market such as those in Europe, North America and Japan. The ripple effect is still not over. A great many peripheral industries are starting to feel the heat of the crisis as well. The extent of the damage is still uncertain. Listen to global CEOs across the globe from various multinational companies discuss strategic responses to the financial quagmire and exchange cutting-edge ideas and solutions to determine a new global financial landscape in the next decade.

Speakers:
- Mr. James T Riady, Chief Executive Officer, Lippo Group, Indonesia
- Mr. Mukhtar Hussain, Global Chief Executive Officer, HSBC Amanah
- Tan Sri Azman Mokhtar, Managing Director, Khazanah Nasional Berhad, Malaysia
- Sheikh Mazen Batterjee, Vice Chairman, Jeddah Chamber of Commerce and Industry
- Mr. Mumtaz Khan, Founder and Chief Executive Officer, Middle East & Asia Capital Partners Pte Ltd, Singapore

Moderator:
- Mr. Christopher Graves, President & CEO, Asia Pacific, Ogilvy Public Relations Worldwide

16.30
Refreshments / Informal Networking

19.30 - 22.00
GALA DINNER

Hosted by
- H.E. Dr. Susilo Bambang Yudhoyono, President of the Republic of Indonesia

FORUM DAY 2

08.00 - 09.00
Refreshments & Networking

09.00 - 10.30
PLENARY 1

BEYOND SCARCITY: OVERCOMING THE GLOBAL FOOD CRISIS

Not too long ago, oil prices hit the ceiling due to volatile production patterns caused by instability in the Gulf among other factors. This greatly affected the cost of food production, and coupled with the rapid growth of the biofuels industry which takes away food for consumption into the energy market, food prices went rocket high. Lack of international cooperation in this matter also meant that worldwide markets are getting tighter and the pain suffered by the abject poor only lasts longer. This is more so the case in food import-dependent countries where slight changes in price greatly affects the purchasing power of the population, which means millions will go hungry. The gold rush towards biofuel is also taking away food from the hungry. What are the immediate steps to remedy the situation? How can the Muslim world collaborate to mitigate the price pressures? Are there investment opportunities in food for global corporations?

Speakers:
- H.E. Anton Apriantono, Minister of Agriculture, Republic of Indonesia
- H.E. Yedil Mamytbekov, Deputy Minister of Industry and Trade, Republic of Kazakhstan
- Mr. Joachim von Braun, Director General, International Food Policy Research Institute, US
- Mr. Hans Joehr, Head of Agriculture, Nestlé SA
- Her Excellency Fatima Hajaig, Deputy Minister of Foreign Affairs, South Africa

Moderator:
- Dr. Harbrinderjit Singh Dillon, Senior Governance Advisor, Centre for Agriculture and Policy Studies, Indonesia

10.30 - 12.00
PLENARY 2

PAVING A GREENER WORLD: CREATING A FUTURE FOR ALTERNATIVE ENERGY

The UN reported that millions of new jobs will be created worldwide over the next few decades by the development of alternative energy technologies. More than a million people are currently employed in biofuels industry but that the figure could rise to 12 million by 2030. Green economy has to grow at a more progressive pace in order to take advantage of manpower needs fuelled by the cost of rapid increase of greenhouse gases. However “green jobs” are dependent upon subsidy shift from oil and natural gas towards wind, solar, and geothermal power. Are governments ready to invest in alternative energy technologies?

Panelists:
- Mr. Abdullah Hussein Salat, Senior Advisor, Office of the Deputy Prime Minister, State of Qatar
- Mr. Bill Spence, Vice President for Future Fuels and Carbon Dioxide (CO_2), Royal Dutch Shell Group.
- Dato Sabri Ahmad, Chairman, Malaysia Palm Oil Board
- Mr. Roland Jansen, President, Mother Earth Plantations, Switzerland

Moderator:
- Mr. Ari H. Soemarno, former Chief Executive Officer, PT Pertamina (Persero) Indonesia

12.00 - 14.00
LUNCH & SPECIAL LUNCHEON Address

ROLE OF BUSINESS IN ENSURING SUSTAINABLE ENVIRONMENT FOR FUTURE GENERATION

Co-hosted by Shell Indonesia & PT Pertamina (Persero) Indonesia

Speaker:
- Tan Sri Ahmad Tajuddin Ali, Chairman, UEM Group Malaysia

Chair:
- Mr. Gita Wirjawan, Co-Chairman of Ancora Capital

14.00 - 15.30
PLENARY 3

STEMMING THE TIDE OF THE GLOBAL FINANCIAL CRISIS

The world’s financial crisis in recent months brought about great instability not only to the US economy but to the world at large. With a staggering USD700bn rescue package being passed in the US Congress to salvage the colossal loss incurred by such names as the Lehman Brothers, Merrill Lynch and US' biggest insurance company, AIG, and tremors being felt in most part of Europe and Asia, one goes to wonder whether this is the end of an era of debt trading and market speculation. Is debt trading a major factor of the financial crisis? Will the world go into a new era of regulatory economics? How will the new global framework take shape after this crisis is over? Could Islamic Banking provide an alternative to the current banking system?

FORUM DAY 2

Keynote Speaker:
- H.E. Dr. Sri Mulyani Indrawati, Minister of Finance, Republic of Indonesia

Panelists:
- Mr. A Riawan Amin, President Director, Bank Muamalat, Indonesia
- Mr. Iqbal Khan, Chief Executive Officer, Fajr Capital
- Datuk Mohamed Azahari Kamil, Chief Executive Officer, Asian Finance Bank
- Mr. Mohammad Faiz Azmi, Partner and Global Islamic Finance Leader, PricewaterhouseCoopers
- Mr. Michael P Lee, CEO & Member of the Board, Ithmaar Bank, B.S.C., Bahrain

Moderator:
- Sir Iqbal Sacranie, Chairman of MCB Charitable Foundation/ Chairman of Muslim Aid, UK

15.30 - 17.00
PLENARY 4

GLOBAL SMES: BUSINESS BEYOND BOUNDARIES

The key to success of emerging small and medium sized companies is the ability to steer itself into a lucrative and promising openings in the market and banking on it with the proper skills and resources. In order to do so, companies need to constantly come up with innovative and cutting-edge ideas in order to be on top of the rest in the industry. This requires corporate strategy and market research, especially when one decides to traverse beyond the domestic market. Knowledge of local markets is crucial for survival for example. Should socio-cultural conditions be a central element in corporate decision-making? How best can central and local governments facilitate the growth of SMEs?

Speakers:
- Datuk Ir. Mohamed Al Amin Hj. Abdul Majid, Chairman, Small and Medium Enterprises Central Coordinating Agency, Malaysia
- Mdm. Olive Zaitoun Kigongo, Chairman, Uganda National Chamber of Commerce & Industry
- Mr. Abdul Vakhid Niyazov, President, Islamic Cultural Centre, Russian Federation
- Mr. Ibrahim Fawaz Abdelnour - Deputy Director, Investment Operation Department, Islamic Corporation for the Development of the Private Sector (ICD), Saudi Arabia

Moderator:
- Dr. Ir. B. S. Kusmuljono, Chairman, National Committee for Indonesia Micro Finance

17.00
Refreshments / Informal Networking

19.00 - 22.00
CONCLUDING SESSION & DINNER

Hosted by
- H.E. Jusuf Kalla, Vice President of the Republic of Indonesia

- 5th WIEF Jakarta Declaration read by H.E. Irman Gusman, Vice Chairman, the House of Regional Representatives, Indonesia / Chairman of Advisory Board, Indonesian National Organising Committee for the 5th WIEF
- Vote of Thanks by Tun Musa Hitam, Chairman, WIEF Foundation
- Rt. Hon. A. M. Kirunda Kivejinja, Third Deputy Prime Minister, Republic of Uganda
- Closing Address by HE Jusuf Kalla, Vice President of the Republic of Indonesia

POST FORUM

INDONESIA IN FOCUS: INVESTMENTS IN THE REGION

08.00
Networking Breakfast

09.15
Opening Address by
H.E. Irman Gusman, Vice Chairman, The House of Regional Representative, of The Republic of Indonesia

09.15 – 10.30
Plenary Session 1
Keynote Address:
- Potential, Opportunity and Regional Investment Policies in Indonesia

H.E. Muhammad Lutfi, Chairman, Investment Coordinating Board for Republic of Indonesia
- Development Program and Policies of Indonesian Tourism

H.E. Jero Wacik, Minister of Tourism & Culture, Republic of Indonesia
Moderator
- Mr. Emirsyah Satar, President Director, PT Garuda Indonesia

10.30 – 11.00
Refreshments/Informal Networking

11.00 - 12.00
Plenary Session 2
Keynote Address:
- Potential & Opportunity of Shariah Banking in Indonesia

Hon. Boediono, Governor of Bank of Indonesia, Republic of Indonesia
- Shariah Banking and Prospects in the Regions

Dr. Riawan Amin, President Director of Bank Muamalat Indonesia
- Success Story of Business Practice in the Region

Awang Farouk, Governor of East Kalimantan
Moderator
- Mr. Gita Wirjawan, CEO, PT Ancora Capital International

12.00 – 13.00
Lunch

13.00 – 14.15
Parallel Sessions
A. Oil, Gas, Mining & Infrastructure
Facilitator/Moderator : Sandiaga Uno, CEO Saratoga Capital
1. Governor of East Kalimantan
2. Governor of Banten
3. Governor of Kepulauan Riau
4. Governor of Bali

14.15 – 15.30
1. Governor of East Java
2. Governor of South Sumatera
3. Governor of West Java
4. Governor of North Sulawesi

13.00 – 14.30
Parallel Sessions
B. Agriculture
Facilitator/Moderator : Dr. Ir. Muslimin Nasution
1. Governor of West Java
2. Governor of East Java
3. Governor of South Sumatera
4. Governor of South-East Sulawesi

14.30 – 15.30 5.
Governor of South Sulawesi
6. Governor of Central Sulawesi
7. Governor of Papua

13.00 – 14.30
Parallel Sessions
C. Tourism
Facilitator/Moderator : Dr. Hermawan Kertajaya
1. Governor of Central Sulawesi
2. Governor of South Sulawesi
3. Governor of Kepulauan Riau

14.30 – 15.30 4.
Governor of Banten
5. Governor of West Sumatera

13.00 – 14.30
Parallel Sessions
D. Finance
Facilitator/Moderator :Prof. Dr. Hidayat Syarif.
1. Governor of West Java
2. Governor of East Java
3. Governor of West Sumatera
4. Governor of West Nusa Tenggara
5. Governor of DKI Jakarta

15.30 – 16.30
One on One Meeting & Networking

5TH WIEF JAKARTA DECLARATION

WE, THE DELEGATES GATHERED TOGETHER IN JAKARTA FOR THE 5TH WORLD ISLAMIC ECONOMIC FORUM (WIEF) FROM 1-4 MARCH 2009 WITH THE THEME "FOOD AND ENERGY SECURITY AND STEMMING THE TIDE OF THE GLOBAL FINANCIAL CRISIS",

APPRECIATING the presence, invaluable support, and guidance of H.E Dr. Susilo Bambang Yudhoyono, President of the Republic of Indonesia and H.E. Jusuf Kalla, Vice President of the Republic of Indonesia;

RECORDING our appreciation to Tun Abdullah Ahmad Badawi, Former Prime Minister of Malaysia and Patron of WIEF Foundation, as well as H.E. Abbas El Fassi, Prime Minister, Kingdom of Morocco, H.E. Abdullah Bin Hamad Al-Attiyah, Deputy Prime Minister, State of Qatar, H.E. Dr. Rashad al Alimi, Deputy Prime Minister, Republic of Yemen, Right Honourable A. M. Kirunda Kivejinja, Third Deputy Prime Minister, Republic of Uganda, H.H. Shaik Saud bin Saqar Al Qasimi, Crown Prince and Deputy Ruler, Ras Al-Khaimah Emirate, United Arab Emirates, H.E. Prof. Dr. Ekmeleddin Ihsanoglu, Secretary-General of Organisation of Islamic Conference (OIC), H.E. Dr. Ahmed Mohamed Ali, President, Islamic Development Bank and other gathered dignitaries for their invaluable contributions.

ACKNOWLEDGING the dedication and full support of the Government of the Republic of Indonesia and the Indonesian National Organising Committee in generously hosting and ensuring the success of the 5th World Islamic Economic Forum;

COMMENDING the proposal of H.E Dr. Susilo Bambang Yudhoyono, President of the Republic of Indonesia, to establish an "Islamic World Expenditure Support Fund" for the benefit of least developed Muslim countries using the sizeable reserves of oil exporting Muslim countries.

APPRECIATING the attendance and participation of all Forum Delegates;

RECOGNISING that the recovery from the unprecedented current economic crisis, which has affected all nations, will require a concerted global effort through greater inter-governmental and public-private collaboration;

HEREBY TAKE NOTE of the recommendations made during the Forum as follows:

OVERCOMING GLOBAL FINANCIAL CRISIS:

a. Support the efforts of the OIC to accelerate greater regional economic cooperation through the effective implementation of its 10 year Plan of Action.
b. Support the Islamic Development Bank (IDB) Task Force for Islamic Finance and Global Financial Stability to promote Islamic Finance and Banking as a viable alternative to the conventional financial system.
c. Call upon Governments and Islamic banks to expand Shariah compliant micro-credits.
d. Support the call for effective regulations in the global financial industry to mitigate risk and failure.
e. Support the establishment of Islamic Banking Training centres with harmonised standards.

FOOD SECURITY:

a. Support greater public-private sector collaboration in increased agricultural productivity both within the OIC countries and the rest of the world.
b. Promote joint venture initiatives and the use of state of the art technology in the agro industry to increase efficient food production.
c. Call for the reduction of regulatory barriers, including food subsidies, hindering sustainable food production and trade.
d. Recommend a proper balance between food production for human consumption and energy usage.

ENERGY SECURITY:

a. Reinforce efforts for research and development of non-carbon fuels and other alternative energy sources.
b. Support energy conservation and carbon emission reduction programmes.

GLOBAL SME'S:

a. Promote the development of SME's as the engine of growth in OIC countries through the programs of the Islamic Corporation for the Development of the Private Sector (ICD) and specialised forums of the WIEF.
b. Support the Islamic Centre for the Development of Trade (ICDT) in its efforts to reduce barriers to intra-OIC trade.
c. Support liberalisation of Visa procedures to facilitate travel by business persons throughout the OIC countries.

REAFFIRM our continued commitment to the success of the following WIEF Projects:

WIEF BUSINESSWOMEN NETWORK (WBN):

a. The 'Training Program for Women Entrepreneurs' under the WIEF-UiTM International Centre.
b. The furtherance of the ongoing 'Nurses Training Program' and the introduction of "The Midwifery Training Program" which can serve as a platform for entrepreneurship development in rural areas.

WIEF YOUNG LEADERS NETWORK (WYN):

Furthering the aims of the WYN by expanding the WYN Scholarship, Mentorship and Internship Programs to assist young leaders to grow into entrepreneurship positions.

WIEF EDUCATION TRUST (WET):

The WIEF-UiTM International Centre and its training, educational and R&D programmes including the promotion of lifelong education initiatives for effective capacity building within OIC countries.

CONGRATULATE the signatories to the four MOAs worth more than USD 3 billion facilitated through the WIEF network.

THANK the Indonesian Government for hosting the 5th WIEF in Jakarta and for the warm reception and hospitality accorded to our strategic partners, sponsors, corporate members, role players and all Delegates;

ACCEPT the gracious invitation of Tun Abdullah Ahmad Badawi, Former Prime Minister of Malaysia to host the 6th World Islamic Economic Forum on 18-20 May 2010 in Kuala Lumpur.

FINALLY, in closing this, the 5th World Islamic Economic Forum, we call on the Chairman of the WIEF to submit this declaration to the Chairman and the Secretary General of the Organisation of Islamic Conference.

ADOPTED by the Delegates in Jakarta, Republic of Indonesia on the 3rd March 2009.

SUMMARY OF MEMORANDUM OF AGREEMENTS

AT THE OPENING CEREMONY OF THE 5TH WORLD ISLAMIC ECONOMIC FORUM IN THE MORNING OF 2 MARCH 2009, FOUR MEMORANDUM OF AGREEMENTS (MOA) WERE SIGNED IN FULL VIEW OF THE MUSLIM LEADERS AND THE DELEGATES OF THE FORUM.

1

AGREEMENT BETWEEN BANK MUAMALAT INDONESIA, NATIONAL COMMERCIAL BANK SAUDI ARABIA, ISLAMIC PAYMENT SYSTEM SDN. BHD. MALAYSIA AND PT POS INDONESIA

The first MOA consisted of 3 parts, and the signatories were Bank Muamalat Indonesia, the National Commercial Bank Saudi Arabia, Islamic Payment System Sendirian Berhad Malaysia and PT Pos Indonesia. The signatories of the MOA were represented by Mr. Shahzad K. Sultan, CEO of Islamic Payment System Sdn. Bhd., Mr. A. Riawan Amin, CEO of Bank Muamalat Indonesia, and Mr. I Ketut Mardjana, Deputy CEO of PT Pos Indonesia.

The first part of the MOA is a strategic business collaboration on remittance services between Bank Muamalat Indonesia and the National Commercial Bank Saudi Arabia. These two banks have agreed to provide a joint personal remittance service to expand business collaboration between the two countries to service the needs of their customers, in facilitating remittances from retail customers in Saudi Arabia to their beneficiaries in Indonesia in the Indonesian local currency. This service is named as 'Kas Kilat powered by Quick Pay'.

The second part of the MOA is a collaboration on withdrawal services between Bank Muamalat Indonesia and PT Pos Indonesia. This collaboration concerns the utilisation of facilities and service of both organisations for the development of sharia-compliant business. This collaboration should be able to provide the Muslim Ummah with better access of the services of Bank Muamalat through the development of an on-line and real-time “Host-to-Host” technology with Pos Indonesia. The goal of this agreement is ultimately to maximise the utilisation of the Online Payment Point System (SOPP) of POS Indonesia for cash withdrawal transactions.

The third part of the MOA is a collaboration to establish an Islamic Payment Network between Bank Muamalat Indonesia and Islamic Payment System Sdn. Bhd. The Islamic Payment System Network is designed to segregate retail money between sharia-compliant funds from those that do not adhere to Islamic beliefs. This service enables the depositor to know whether money coming out of an ATM or Pos network would be free from usury. It is hoped that this structural change could revolutionise the financial infrastructure and systems. for pilgrims

2

AGREEMENT BETWEEN PT GARUDA INDONESIA AND DUBAI AEROSPACE ENTERPRISE

The signatories of the second MOA were PT Garuda Indonesia and Dubai Aerospace Enterprise. The signatories were represented by Mr. Emirsyah Satar, President & CEO of PT Garuda Indonesia, and Mr. Bob Genise, CEO of Dubai Aerospace Enterprises. This is an agreement on the financing of the first 8 Boeing 737-800 Next Generation aircraft between PT Garuda Indonesia & Dubai Aerospace Enterprise. DAE is to finance the first 8 of Garuda’s total order of 50 Boeing 737-800 Next Generation aircraft, which will be delivered starting mid-2009. These new aircrafts are specifically configured for Garuda Indonesia, with more advanced avionics, more fuel efficient, eco-friendly engines, and a “state of the art” in-flight Entertainment System in all classes.

3

AGREEMENT BETWEEN THE GOVERNMENT OF RAS AL KHAIMAH, UAE AND THE GOVERNMENT OF EAST KALIMANTAN PROVINCE, INDONESIA

The signatories of the third MOA were the Government of Ras Al Khaimah, UAE and the Government of East Kalimantan Province, Indonesia. The signatories were represented by Dr. H. Awang Faroek Ishak, Governor of East Kalimantan Province, Dr. Khater Massaad, CEO of RAK Investment Authority and Isran Noor, Regent of East Kutai Regency. This MOA consisted of two landmark G2G agreements covering social and economic development programs for the East Kalimantan region.

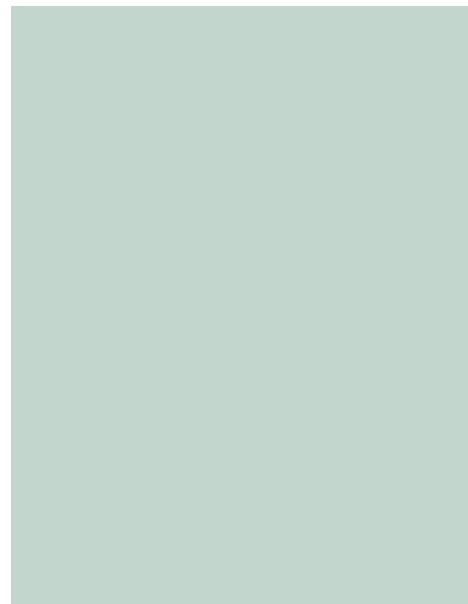
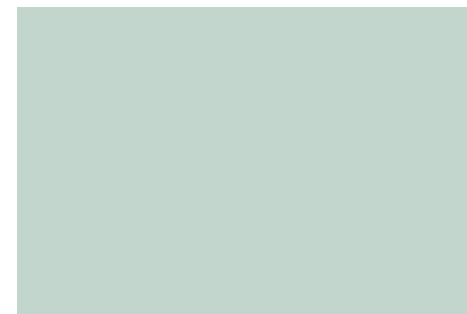
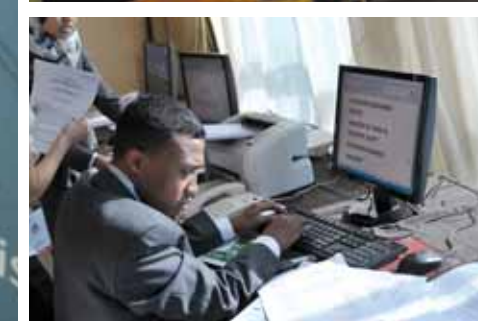
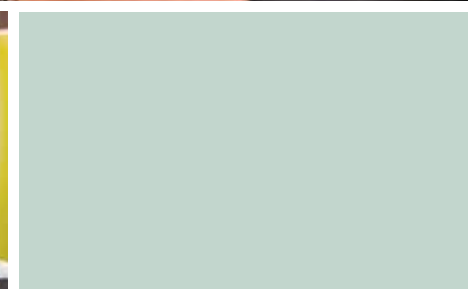
4

AGREEMENT BETWEEN PT PERTAMINA, ETA STAR GROUP DUBAI AND ITOCHU CORPORATION JAPAN

The fourth MOA involved 3 parties and these are PT Pertamina, ETA Star Group Dubai and Itochu Corporation Japan. These companies were represented by Mr. Rukmini Hadihartini, Processing Director of PT. Pertamina, Mr. Hameed Salahuddin, Managing Director of ETA Star Group Dubai, and Mr. Toru Nomura, Executive Vice President Machinery Company, Itochu Corporation Japan. The MOA is a collaboration between these 3 corporations to upgrade Pertamina’s Balikpapan refinery in order to produce more high-value products. The total value of this collaboration is approximately USD1.7billion. Currently the three parties are negotiating the terms of a comprehensive Cooperation Agreement which will lead to the execution of a Joint Venture Agreement.

WIEF INTERNATIONAL ADVISORY PANEL MEETING

PEOPLE AND COLOURS OF THE FORUM

PEOPLE AND COLOURS OF THE FORUM

5TH WORLD ISLAMIC ECONOMIC FORUM

STRATEGIC PARTNERS

PLATINUM SPONSORS

SPONSORS

GLOBAL KNOWLEDGE PARTNER

GLOBAL MEDIA PARTNER

OFFICIAL TELECOMMUNATION PARTNER

OFFICIAL AIRLINE

MEDIA PARTNERS

TUN MUSA HITAM
CHAIRMAN
WORLD ISLAMIC ECONOMIC FORUM FOUNDATION

DATO' VASEEHAR HASSAN
CHAIRMAN
UNICORN INTERNATIONAL ISLAMIC BANK
MALAYSIA BERHAD

MR. EBRAHIM PATEL
CHAIRMAN
MINARA CHAMBER OF COMMERCE AND
INDUSTRY, SOUTH AFRICA

MR. ESSA AL GHURAIR
VICE CHAIRMAN
AL GHURAIR INVESTMENT LLC, UAE

MR. TANRI ABENG
FOUNDER & CHAIRMAN
EXECUTIVE CENTRE FOR GLOBAL LEADERSHIP, INDONESIA

SIR IQBAL SACRANIE
FORMER SECRETARY GENERAL
MUSLIM COUNCIL OF BRITAIN

MR ALLAL RACHDI
DIRECTOR GENERAL
ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE

MRS ZAITOUN O. KIGONGO
CHAIRMAN
UGANDA NATIONAL CHAMBER OF COMMERCE AND INDUSTRY

SHEIKH SALEH ABDULLAH KAMEL
PRESIDENT
ISLAMIC CHAMBER OF COMMERCE AND INDUSTRY (ICCI)

TAN SRI DR WAN MOHD ZAHID MOHD NOORDIN
CHAIRMAN
UNIVERSITI TEKNOLOGI MARA

MR TARIQ SAYEED
PRESIDENT
SOUTH ASIAN ASSOCIATION OF REGIONAL COOPERATION
(SAARC)

MR. IAN BUCHANAN
SENIOR EXECUTIVE ADVISOR
BOOZ & COMPANY

MR SALAHUDDIN KASEM KHAN
PRESIDENT
BANGLADESH-MALAYSIA CHAMBER OF
COMMERCE & INDUSTRY

DATO' DR NORRAESAH MOHAMMAD
CHAIRMAN
EMBUNAZ VENTURES SDN BHD

MR. AHMAD SALEH HARIRI
DIRECTOR
ISLAMIC DEVELOPMENT BANK, KUALA LUMPUR

DR. ABDULAZIZ OTHMAN ALTWAIJRI
DIRECTOR GENERAL
ISLAMIC EDUCATIONAL, SCIENTIFIC AND CULTURAL
ORGANIZATION (ISESCO)

MR OMER CIHAD VARDAN
CHAIRMAN
INDEPENDENT INDUSTRIALIST AND BUSINESSMEN'S
ASSOCIATION (MUSIAD), TURKEY

TUN MUSA HITAM
CHAIRMAN

TAN SRI AHMAD FUZI ABDUL RAZAK
SECRETARY GENERAL

SYED ABU BAKAR ALMOHDZAR
MANAGING DIRECTOR

SITI MAZWIN MEOR AHMAD
EXECUTIVE DIRECTOR

JACKIE MAH
CHIEF FINANCIAL OFFICER

FAZIL IRWAN SOM
DIRECTOR, EDITORIAL AND BUSINESS DEVELOPMENT

ESWARI KALUGASALAM
DIRECTOR, CORPORATE COMMUNICATIONS

DAVID EMIR BARENG ABDULLAH
SENIOR MANAGER, MARKETING

FADZILLA SULAIMAN
SENIOR ACCOUNTS EXECUTIVE

WAN NOR AZILAHANIM
EXECUTIVE SECRETARY

SAID HAMADI SAID MOHAMED
EXECUTIVE

TAMARA KHALID AL HITI
EXECUTIVE

INDONESIAN NATIONAL ORGANISING COMMITTEE

PATRON

H.E. DR. SUSILO BAMBANG YUDHOYONO
PRESIDENT OF THE REPUBLIC OF INDONESIA

ADVISORY BOARD

H.E. IRMAN GUSMAN
VICE CHAIRMAN, THE HOUSE OF REGIONAL REPRESENTATIVES (DPD)

H.E. HASSAN WIRAJUDA
MINISTER OF FOREIGN AFFAIRS

H.E. DR. SRI MULYANI INDRAWATI
MINISTER OF FINANCE

H.E. HATTA RAJASA
MINISTER OF STATE SECRETARY

H.E. PURNOMO YUSGIANTORO
MINISTER OF ENERGY AND MINERAL RESOURCES

H.E. ANTON APRIANTONO
MINISTER OF AGRICULTURE

H.E. JERO WACIK
MINISTER OF TOURISM & CULTURE

BOEDIONO
GOVERNOR OF BANK INDONESIA

ALWI SHIHAB
PRESIDENTIAL ENVOY TO THE MIDDLE EAST

MUHAMAD LUTFI
CHAIRMAN, INDONESIA INVESTMENT COORDINATING BOARD (BKPM)

FAUZI BOWO
GOVERNOR OF DKI JAKARTA

HASYIM MUZADI
CHAIRMAN OF PBNU

DIN SYAMSUDDIN
CHAIRMAN OF PP. MUHAMADIYAH

ORGANISING COMMITTEE: CO-CHAIR

H.E.DR. SOFYAN DJALIL
MINISTER OF STATE-OWNED ENTERPRISE

TANRI ABENG
CHAIRMAN OF PT TELKOM & FORMER MINISTER OF STATE-OWNED ENTERPRISE

COORDINATING COMMITTEE

H.E. SITI NURBAYA
SECRETARY GENERAL, THE HOUSE OF REGIONAL REPRESENTATIVES (DPD)

DR. DINO P. DJALAL
OFFICIAL SPOKESMAN TO THE PRESIDENT OF REPUBLIC OF INDONESIA

GITA WIRJAWAN
CO-CHAIRMAN, ANCORA CAPITAL INTERNATIONAL

ERWIN AKSA
CHAIRMAN, YOUNG INDONESIAN ENTREPRENEURS ASSOCIATION (HIPMI)

RINA FAHMI IDRIS
CHAIRMAN, INDONESIAN WOMEN'S BUSINESS ASSOCIATION (IWAPI)

ALEXANDER RUSLI
SPECIAL ADVISER TO THE MINISTER OF STATE-OWNED ENTERPRISE

THE WORLD ISLAMIC ECONOMIC FORUM (WIEF) FOUNDATION WISHES TO ACKNOWLEDGE THE FOLLOWING FOR THEIR SUPPORT AND CONTRIBUTION TOWARDS THE 5TH WORLD ISLAMIC ECONOMIC FORUM:

H.E. SUSILO BAMBANG YUDHOYONO
President of the Republic of Indonesia

H.E. TUN ABDULLAH AHMAD BADAWI
Former Prime Minister of Malaysia

H.E. ABBAS EL FASSI
Prime Minister of Kingdom of Morocco

H.E. JUSUF KALLA
Vice President of the Republic of Indonesia

H.E. ABDULLAH BIN HAMAD AL ATTIYAH
Deputy Prime Minister of the State of Qatar

H.E. DR. RASHAD AL ALIMI
Deputy Prime Minister of the Republic of Yemen

H.E. A. M. KIRUNDA KIVEJINJA
Third Deputy Prime Minister of the Republic of Uganda

H.R.H. SHEIKH SAUD SAQR AL QASIMI
Crown Prince and Deputy Ruler of the Ras Al Khaimah Emirate of the UAE

H.E. PROFESSOR DR. EKMELEDDIN IHSANOGLU
Secretary General of the Organisation of The Islamic Conference (OIC)

ALL DISTINGUISHED SPEAKERS AND MODERATORS
for their invaluable time and effort in providing a rich dialogue and for sharing their wealth of information for the benefit of the delegates.